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ABSTRACT

A comparative analysis of human resources development and management in the subsidiaries of three multinational companies (Xerox, Glaxo Wellcome, and AXA Nordstern Colonia) was conducted in these three European Union (EU) member states: Austria, the United Kingdom, and the Netherlands. Case studies were used, focusing on competence needs and qualifications in multinational companies and on the actions necessary to meet those needs (for example, competence development, recruitment, and human resource development strategies, and continuing in-company and inter-company training strategies). The study found that even within multinational companies in Europe, little agreement about working cultures exists, and that uncertainty regarding the ordering of priorities remains, despite the prevailing and even increasing consensus on the basic need to invest more and better in employees and their training. The exact form this investment should take, and when, where, and how it should be implemented, are still unanswered questions, although the topic of staff development has acquired much greater importance for management in recent years. (Contains 62 references.) (KC)

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PANORAMA

Competence and human resource development in multinational companies in three European Union Member States

A comparative analysis between Austria, the Netherlands and the United Kingdom

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Preface

Cedefop initiated this study, which had its origins in the CIRETOQ thematic network, to provide a global picture of in-company human resource development strategies and trends in qualification and competence development. The study shows that even within multinational companies active in Europe little agreement about working cultures exists, and that uncertainty regarding the ordering of priorities remains, despite the prevailing and even increasing consensus on the basic need to invest more and better in employees and their training. The exact form this investment should take, and when, where and especially how it should be implemented are questions which remain largely unanswered, although the topic of staff development itself has acquired much greater importance for management in recent years.

Jorg Markowitsch and *Iris Köllinger* from the Industriewissenschaftliches Institut (IWI) in *Vienna*, *John Warmerdam* and *Hans Moerel* from the Instituut Voor Toegepaste Sociale Wetenschappen (ITS) in *Nijmegen*, *John Konrad* and *Catherine Burell* from the School of Professional Education & Development at *Leeds* Metropolitan University (LMU), and *David Guile* from the Institute of Education in *London* have used CIRETOQ to test a methodologically innovative approach to comparative vocational education and training research. They compared the working environment of three multinational companies (*AXA*, *GLAXO* and *XEROX*) in Austria, the Netherlands and Britain in order to draw conclusions on the effects national circumstances may have on competence development within these enterprises.

This study format focuses on the companies rather than on national borders and characteristics, as is normally the case. Differences emerged in concepts and in strategies for competence and human resource development. More significantly, the project revealed limitations and intercultural misunderstandings within one and the same company. The case studies demonstrated that corporations and individuals have scope to improve their competence development, and that Cedefop must be instrumental in implementing more research and development programmes on these issues. We should mention that this research would not have been possible without the cooperation of the companies involved: *Xerox - the document company*, *Glaxo Wellcome* and *AXA Nordstern Colonia*, at their respective locations in Austria, The Netherlands and in the United Kingdom. We must emphasise that the researchers made a conscious decision not to focus their own field research on workplaces within their own country; instead, they concentrated solely on companies abroad.

Cedefop would like to thank, also on behalf of the authors, all those who participated in the study; those who supported the research within the three companies; and everybody involved in the technical preparation and production of this publication.

Stavros Stavrou, Deputy Director

Burkart Sellin, Project Manager

Cedefop, June 2001

1. Introduction

1.1. Overview: preamble, aims and expected outcomes

(a) This study is conducted in the framework of Cedefop's thematic-network Ciretoq on trends in occupations and qualifications. The aims of the project are:

(b) a better understanding of in-company and inter-company human resource development (HRD), competence and qualification policies;

(c) a comparison of the different approaches of European multinational companies (MNCs) while taking into account regional, sectoral and international challenges;

(d) to find out the potential and limits of a new VET research approach;

(e) to find out whether, and to what degree, a European identity in VET policies among multinational companies, as opposed to North American and/or Japanese approaches, can be identified.

The study is a comparative analysis of the subsidiaries of three multinational companies, Xerox - the document company, Glaxo Wellcome- and AXA Nordstern Colonia in three EU Member States (Austria, the United Kingdom and the Netherlands). It is presented here as case studies and a comparative analysis resulting from a cooperation of four different and differing research institutes.[1]

The partners in this research project are:

(a) Industriewissenschaftliches Institut (IWI), Vienna (coordinator);

(b) Instituut voor toegepaste sociale wetenschappen (ITS), Nijmegen;

(c) School of Professional Education & Development, Leeds Metropolitan University (LMU), Leeds;

(d) Institute of Education, London.

Quite different situations were found within the companies, which were selected according to defined criteria([1]). For example, in AXA's subsidiary in the Netherlands a massive reorganisation was under way while during the analysis Glaxo Wellcome announced a merger with Smithkline Beecham. But these differences between companies and institutes/partners - despite initial difficulties before launching the field work - were found to be very fruitful for the research team. However, problems were caused by 'working', terms which were not clearly defined, as, for example, the term competence, which turned out to be an essentially contested concept. Due to this fact the term could not be clearly defined until the very end of the project; in the last project meeting it was still as controversial as in the first one.

([1]) Concerning their size, their legal status and their origin (university/non-university, private/public, etc.).

Nevertheless, we agreed that the results of the study were expected to assist national and international stakeholders and decision-makers, especially on the following issues:

(e) the formation, dissemination and internationalisation of qualifications and competences and their consequences for in-company training and human resource development strategies;

(f) possible ways of overcoming national barriers for the dissemination of new qualifications, competences and know-how;

(g) the relationship between local and global HRD and training-policies, and the relationship between HRD, HRM, competence development and training itself;

(h) transparency of different national VET/ qualification-systems;

(i) European identities in, and new models of, human resource and competence development strategies and competence development;

(j) the relevance of (individual) competence development and life long learning vs. (national) qualifications and concepts.

The dynamic of the research process finally revealed new questions which had to be dealt with immediately, as, for example, problems of the 'learning environments' and 'communities of practices'. In this way the results went beyond expectations, as can be seen in the conclusions. In addition, the study does not only address VET policy makers, but it is also useful for the companies themselves because it makes clear in which way multinational companies deal with different national qualifications, labour market systems and cultural circumstances. The project contributes to the solution of this basic problem by showing, which HRM and competence development strategies are successful in identifying best practices.

The main research questions of the study are focused on the analysis of qualification and competence needs in MNC's and on the actions necessary to meet these needs. Therefore the study is concerned with competence development, recruitment, and human resource development strategies as well as continuing in-company and inter-company training strategies. Three groups of research questions can be identified which were dealt with in the case studies: questions about the emergence of competence needs, questions about reactions to these needs and questions about the transfer of competences between the countries. The most significant research questions, which could be answered extensively in the company case studies by showing different aspects, point of views and possible answers, are:

(k) in what way do new qualification requirements grow?

(l) which instruments identify them?

(m) how are they transferred into more comprehensive training strategies?

(n) in what way do new and emerging human resource development strategies relate to a local, as opposed to a global level?

(o) in what way are the qualification requirements, if defined, transferred within and between the countries as well as beyond?

(p) do they change during such a transfer?

(q) which models of the development of competences are used?

(r) are they locally or globally structured?

(s) what kind of relationship exists between HRM and HRD policies of the respective company?

Finally, the research questions had to be slightly changed during the conceptual stage of the project, involving a certain adaptation of methods and approaches during the research process. It was not necessary to change or neglect the basic questions themselves but the point of view in general changed through time. In the course of the project a change took place in the research paradigm from a kind of static, qualification-bent, stimulus-response view of qualification requirements and coverage to a more dynamic, competence-bent, organic view. This was also due to the fact that the contextual nature of competences and competence development has become apparent.

1.2. Theoretical background and European trends

1.2.1. Globalisation and change

It is widely accepted that the ever-escalating pace of globalisation is forcing multinational companies (MNCs) to address the following two challenges. First, the long-standing challenge of continuing to balance the often conflicting needs for global co-ordination and integration of product and service delivery with local responsiveness to specific market conditions and preferences (McGaughey/ De Cieri, 1998). This has led MNCs to try to align business strategies, the structure of work and human resource management (HRM) and human resource development (HRD) systems and exogenous factors such as, national cultures and national education and training systems in order to enhance organisational performance outcomes. Second, the emerging challenge of developing organisational cultures that not only support the acquisition, sharing and management of the knowledge that currently resides in organisational 'communities of practice' (Brown/Duguid, 1991), but also the creation and application of new knowledge for improving business practices and processes and facilitating innovation (Sanchez & Hence, 1997).

One consequence of these two trends has been a significant reappraisal of the contribution that HRM and HRD can make to MNCs' competitive performance, organisational development and knowledge management. It is now increasingly accepted that a key challenge is to enhance the performance of the existing workforce rather than simply to recruit workers with new skills and knowledge. To do so, MNCs have started to use 'competence-based HR strategies' (Docherty/Nyhan, 1997) in order to achieve two objectives. The first is to enhance the capabilities of their workforce to ensure the continuous improvement of existing products and services and to create new products and services by utilising existing 'knowledge assets'

(Boisot, 1998). The second is to integrate traditional HR concerns to improve the level of technical knowledge and skill with current concerns to maximise workplace performance, by ensuring that employees take responsibility for adding value to core business services (Guile/Fonda, 1998).

1.2.2. The debate over convergence and divergence

Currently there is a pan-European debate about the extent to which HR policies are 'converging or diverging' in MNCs (Guile/Attwell, forthcoming; McGaughey/De Cieri, 1998). The central question that has been posed in international management literature is the extent to which it can be claimed that: 'organisations and managerial practices world-wide ...(are)...becoming more similar or maintaining their nationally based dissimilarity'.

In broad terms, the convergence-divergence debate surfaced originally in the field of industrial sociology. Its main premise was that the macro-economic 'logic of industrialisation' (Kerr, 1960) inevitably generated common management requirements and thereby overrode national and cultural differences. Over the years, the case for convergence has tended to focus on the identification of 'contextual contingencies' (Child, 1981): organisational strategy, organisational specialisation and organisational structure. It has even been suggested that multinationals clung to similar competitive strategies and adopted common organisational structures and systems (Bartlett/Ghoshal, 1998).

In contrast, the debate about industrial 'divergence' postulated that the form and content of functional specialisation that develops in MNCs varied according to local culture and institutional frameworks (Adler *et al.*, 1986). To show these differences we have to look at the coordinating mechanisms that organisations use to manage work processes. Anglo-American firms tend to rely on a process of 'mutual adjustment' since this accords with their rather voluntaristic approach to relating training and development to work processes. In contrast to this, German firms prefer to standardise skills in order to retain their rather traditional emphasis on establishing common occupational qualifications for workers, while French companies are more likely to standardise work processes since this reflects the prevailing emphasis on top-down approaches and a rather bureaucratic management style (Hofestede, 1991).

It is misleading to assume that all MNCs adopt similar patterns of behaviour; they are more likely to pursue HR policies that reflect the traditions and cultural preferences associated with their country of origin. A universal model of HRD and HRM in (European) multinationals is not (yet) in sight .

1.2.3. Convergence and divergence in the European Union

The advent of the European Union single market and of European Monetary Union led to a renewed interest in the convergence and/or divergence debate in the 1990s. Since the aim of

EU policies is to create a common economic and social union, it is likely that MNCs' behaviour will be characterised by common patterns, which may tendentially converge. They will have to converge to the extent that they take account of common EU legislative frameworks (i.e. working hours, consumer protection, ecological rules, social rights). However, they will continue to diverge to the extent to which the national qualification frameworks and national cultures act as constraints upon MNCs' approaches to competence development (Ferner/Varul 1999). Empirical research on the actual effects of EU legislation on MNCs has been somewhat sparse (Baldry, 1994, Cressey/Kelleher, 1999). Such studies should be launched elsewhere in order to obtain more evidence on its real impact.

Competence development in both industrial sociology and research, and in EU policy debates, has primarily been viewed as a product of changes in organisational structures and strategies. Far less attention has been paid to the contribution that the complex interplay between HRM and HRD activities make to competence development. For example, research into issues such as performance assessment has been carried out separate from considerations on company cultures and the learning environment. Moreover, even when HRM and HRD issues are discussed, there is a tendency to subsume HRD under HRM and therefore to focus more at managerial rather than developmental issues. Thus, the research contained in this report looks mainly to explore the trends in competence development in MNCs and whether they are rather converging or diverging between the different Member States and companies or locations of these companies.

1.2.4. Changing perspectives on competence development

A gradually reappraisal of the relationship between organisational strategy, organisational context and competence development has been occurring throughout the globe. These developments are, in part, a direct result of the emergence of the 'resource-based' conceptions of organisational strategy (Hamel/Prahalad, 1994) and 'knowledge-based' theories of the firm (Nonaka/Takeuchi, 1995).

Despite the considerable strategic management and human resource literature, surprisingly very little has been discovered about how multinationals manage and develop their human resources, particularly across national borders (Ferner, 1994). Research has tended to concentrate on broader questions of multinational strategies and typologies of multinational structure. Where research on HRM and HRD has occurred, it has, on the whole, concentrated upon such issues as patterns of recruitment, development appraisal and remuneration of international managers. Far less attention has been paid to the question of how and why human resource strategies are developed, how they vary within and between countries or on the relationship between HRM and HRD. These areas have often been treated as though they were functionally separate fields of study.

There seem to be two main reasons for this rather loosened relationship between HRM and HRD. First, as already noted, much of the debate about MNCs has either been located in the global argument about industrial convergence or in the debate about the influence of MNCs

strategy and structure on HR issues. Second, the dominant theoretical frameworks drawn from organisational behaviour have tended to focus separately on the different aspects of organisational processes – strategic management, process engineering, human resource development, etc. - rather than on analysing those processes that link the different types of activity that occur within organisations (Rousseau/ House, 1994).

1.2.5. The influence of HR on competence development

The growing body of research in international management and HR literature has highlighted how different HR models can have different implications for HRM and HRD (Ferner, 1994). By and large, MNCs are seen as having adopted the following three models of management and organisation: the polycentric model; the ethnocentric model; and the global model (Evans and Lorange, 1989).

'Ethnocentric' companies are perceived primarily to be industrial relations and human resource innovators in the countries in which they operate. Yet, having innovated, they recruit and train in accordance with the corporate values of the parent company, irrespective of where they are located. 'Polycentric' companies are normally viewed as having adopted a more 'pluralistic' management strategy. It is suggested that this pluralism has led such companies to decentralise HR into their national subsidiaries and build up distinct local cultures. In contrast, 'global' companies, tend to have international strategies for changing the organisation of work with implications for skill retraining, the role of supervisors and line managers etc. Therefore, global companies, are more likely to control their human resources vigorously by ensuring that they select and retain individuals whose values match, or can be moulded to chime with, the company's values (Evans and Lorange, 1989).

These models have provided a strong framework for analysing the relationship between organisational strategies, patterns for the organisation of work and human resource policies and practices (Evans and Lorange, 1989; Sissons, 1998). Despite these analytic strengths, the models tend to be based on a rather prescriptive assumption that there is a clear and uni-directional relationship between the business strategies the companies adopt and the nature and form of HRM. Frequently, issues of Human resource development have been subsumed by concerns of management and HRM. As such, they tend to treat companies as though they were monolithic structures and infer that all parts of any given company operate in accordance with the same business and human resource strategy. They fail to acknowledge that there may be a coexistence of different HRM strategies within 'ethnocentric' or global' companies as much as there is in 'polycentric' companies (Sissons, 1998).

Irrespective of which strategic management model is adopted by an MNC, it is also clear that their human resource policies and practices are deeply influenced by the 'country of origin' and 'host country' effect (Ferner, 1994). The former refers to the tendency of some MNCs to insist on introducing their culturally specific values and management practices. Ferner argues that Japanese and US companies, for example, normally attempt to introduce their preferred work practices (e.g. TQM) and work expectations (e.g. management by objectives) into their

EU transplant companies, unlike their EU counterparts who are less likely to try to install their equivalent working practices into their transplant companies.

Another key factor is that the culture and institutions, such as their legal frameworks, of the 'host' country inevitably mediate human resource policies and practices. Whitely, 1991, has argued that the development of transnational corporations and market relationships which transcend national institutions are extremely unlikely to materialise as long as educational, legal, labour market and political systems remain nationally distinct. It is widely acknowledged that some EU national cultures provide industrial relations frameworks that allow MNCs greater or lesser degrees of flexibility for corporate HR policies. For example, the UK provides rather weak frameworks, whereas Germany provides stronger institutional frameworks. Consequently, it is far more likely that the country of origin effect will override the host country effect in situations where MNCs are not subject to institutional constraints.

1.2.6. Models of competence and the meaning of competence

A similar argument to the above can also apply to what has been identified so far as 'competence models'(2). In order to understand the case studies, it is important to distinguish at least between the performance model, the outcome-base model and the core competence model.

The performance model puts its emphasis on the competences, which are necessary to produce this performance. In this context a competence is an underlying characteristic of a person that causes effective or even superior performance in a job. Thus, competences can be traits, motives, aspects of one's self or social role, or a body of knowledge or skill which one uses (Rothwell/Lindholm 1999). Therefore, competences refer to an ability to perform, in the sense that they describe what a person can do, not necessarily what they do all the time. By drawing attention to the relationship of competent behaviour and performance this model helped to show what kind of contribution organisational HRM practices (e.g. performance appraisal) can make to the development of competence and in what way could it be improved through negotiating performance goals and targets.

In contrast to the approach of McClelland, which seeks to identify the link between behaviour and performance, the 'outcomes model' focuses upon the concept of a performance outcome. For each occupational area, the activities commonly carried out are defined and a specification of the outcome is sought. This means that a minimum standard of work to be achieved by individual people working in a specific occupational area is established. The standard may refer to performance as well as to social competences, it makes performance comparable and

(2) In this report the term 'competence model' is used more broadly than the term defined by Rothwell and Lindholm, 1999, as a narrative description of job competences, e.g. for a given job category. Competence model in this report also refers to the understanding of the concept of competence, the specific role of competence and of competence development in the individual company.

competences transferable and exchangeable. If an employee is deemed to be competent, work should be carried out at the level of this standard (Hoffmann, 1999).

The core competence model stresses the need to identify the unique factors that can provide an organisation with a source of competitive advantage. In broad terms, the idea of a core competence draws attention to the contextual basis of competence. From this perspective competence is a combination of corporate characteristics, skills, motivations, knowledge and technology that distinguishes an organisation from others. Core competences are, first of all, characteristics of the company, competences that are created socially and collectively. They are not individual competences and are embedded in all systems and processes so that they are developed through an effective interpolation of HM and HR policies and practices (Ghererdi *et al.*, 1999).

Another useful distinction in this context has recently been presented by Nyhan, 1999, who identified three stages or strategies of competence development in European companies, namely 'visionary' (value-based), organisational/ structural change focused, and problem-solving oriented strategies. Both attempts of modelling (competences and competence development) have been proven inadequate for the research conducted here: the first attempt because the idealised models could not be found in that pure form, but appeared in all cases in very different combinations; And the second because it gives a macro-view of the whole company which obviously has to neglect the different stages which could be found at national level in the subsidiaries and which have been the actual focus of this study. Nevertheless, these distinctions have been used for orientation in the context of this study due to a lack of other models. While this lack has become obvious and clearly argued, this study could only contribute to new approaches of such a modelling, not develop them further.

The difficulties of grasping the concept of competence has already been stressed in the previous chapter, though it might be helpful to have some further indication of the different meanings. The idea of competence and/or competency([3]), since the terms are often employed interchangeably in the HR literature, has its origins in psychology. In fact, the term was being used in an educational context as far back as the 1920s. The development of the American and much of the EU 'competence' movement, however, very much owes its life to the work undertaken by McClelland during the 1970s. In a very recent article Hoffmann, 1999, referred to 'output' and 'performance' orientation as the two main meanings of competence and showed that further confusion results from the fact that the term is used both for individual competence and organisational competence. Even if this study could not reduce this confusion by a clear definition of competence, it certainly contributes to a clarification of its meaning.

([3]) American literature especially distinguishes between *competence*, which is given a generic or holistic meaning and refers to a person's overall capacity, and *competency*, which refers to specific capabilities. (Erraut, 1994, p. 179)

1.2.7. Outlook

In order to address the issues of competence development referred to above, the research had to analyse the different traditions and disciplines that inform and underpin the debates and discourse over organisation development, human resource management and education and training, because no single approach can, on its own, allow an informed approach to the problems posed.

The case studies contained in the report cut across all of these research traditions. Moreover, the evidence arising from them suggests broader perspectives are being adopted on competence development. It is increasingly being seen as firmly rooted in processes of collective social learning, decision making and knowledge creation that occur within 'organisational communities of practice' (Ellstrom, 1997; Nonaka/Konno, 1998; Brown/Duguid 1991).

1.3. Methodology: a new comparative VET research approach

This study uses multinational companies for testing a new comparative vocational education and training (VET) research approach, which tries to solve problems of international VET research simultaneously:

One problem comparative VET research has to face is obvious: there are hardly any constant factors in different countries and therefore a comparative study has to compare and discuss different contexts, which contain many variables. Our working hypothesis was that in multinational companies at least some of those parameters can be kept constant between different countries. Parameters like competence and job descriptions, changing qualification requirements, work organisation, division of tasks, and the companies' culture, strategy or philosophy can be analysed independently of other contextual indicators. Obviously, subsidiaries of multinational companies in different countries will never be entirely identical. However, we assume that those differences are weaker than those of the various national education/training systems and that it would be interesting to see how multinational companies relate to such different contextual circumstances.

The other problem is that most international VET research is based on the co-operation by different research institutes which try to divide tasks and labour in such a way that they have a minimum of communication costs and need for information exchange. This leads to very different regional or national contextualisations of research, which is often a barrier to comparability. The methodology of this study tried this 'the other way round' by forcing the international partners to a maximum level of communication and strengthening the process of finding consent.

These two problems turned out as great challenges in the course of the project. First, it was nearly impossible to find companies with a comparable unit in all three countries. Although you can buy the same products all over the world the idea of globalisation is very restricted.

Production companies, in particular, rarely produce the same thing at two different locations. Thus it was easier to find relevant service and trade companies which are settled in all three countries and this was also the reason why, in most cases, we concentrated on the sales department. Secondly, none of the selected companies was really 'ethnocentric', which means that national cultures strongly influenced the companies' cultures, so that we had to cast doubt on our working hypothesis and, in the end, had to reject it. Thirdly, the self-imposed communication efforts were underestimated and led the project really to the limits of time, money and personal engagement.

The methodological hard facts are as follows. There were ten companies, which fulfilled the following criteria:

(a) the companies must be settled in all three countries;

(b) the fields of the companies' activities must be comparable;

(c) the staff employed in this area should be typically lower and intermediate staff (European levels 2, 3 and 4);

(d) the target group in each company and country should number at least 50 persons.

Furthermore, the companies should come from different branches, preferably from private services, trade and industry. Of the potential companies we found three that were willing to participate in the research in all three countries (the agreements had to be obtained from each subsidiary): Xerox - the document company; Glaxo Wellcome; and AXA Nordstern Colonia.

Each research institute was responsible for one company Case study and provided a report on it. One partner research institute always provided the others with information about the companies in its own country. Interviews were carried out within the companies' subsidiaries with personnel managers, training managers and trainers. The questionnaires used were similar for all companies, but often had to be adapted by the relevant research institute to the needs of the specific company situation. Finally, these were not one-off contacts between the companies, because analysis of the interview (and other) material raised new questions, in turn leading to a heavy exchange of information and experience between the research institutions. An overview of the interviews, target groups and division of tasks between the partners is listed in the annex. This procedure ensured that each research institute was obliged to take a critical look on the situation in the other countries and the criteria (standards) for comparison were always in the hands of the one institute.

This study enriched the broad field of international VET research, which is mainly sector-based, by adding a highly innovative company-based approach (Kamarainen, 1998). It would be worthwhile to apply this method again in a large-scale study, which could fine-tune many of the new issues this pilot has raised.

The methodology is not restricted to the topic of competence development and human resource development, but could equally be applied to questions of mobility, dissemination of innovation, knowledge-transfer, recognition of qualifications and certificates and the like.

2. Glaxo Wellcome

2.1. Introduction

2.1.1. Global background and business context

Glaxo Wellcome was formed in 1995 following the merger of Glaxo and the Wellcome Foundation. According to OECD criteria, it is one of the leading 'high-performance' global organisations (OECD, 1996). The company has two main aims. These are to develop and register new compound drugs and to ensure that the products and services are delivered effectively to meet health care providers' and patients' diverse and varied pharmaceutical needs. The company is the second largest in the world and spent over GPB 1.5 million in research in 1998. Its operations are divided into several main regions worldwide: North America, Europe, Africa, the Middle East, Asia Pacific, Japan and Latin America. The company currently employs over 55 000 people worldwide.

A merger between Glaxo Wellcome and SmithKline Beecham was announced on 17 January 2000. It is estimated that the new company will command a 7.3 % share of the global pharmaceutical market and be able to commit nearly GBP 3 million to its annual research and development budget. One of the main objectives for the new company will be to increase further shareholder value by reducing the timescale of bringing new drugs to the marketplace without compromising patients' health.

2.1.2. The European context

Glaxo Wellcome has a very strong presence in Europe, employing over 20,000 staff. The combined UK and European market constitutes 34 % of the company's overall sales. This amounted to GBP 2.734 billion in 1998, an increase of 7 % compared with the previous year. However, the company's profile and the nature of its operations, vary significantly throughout Europe.

The corporate headquarters and major research and development, manufacturing and supply and sales and marketing divisions are located in the UK. In fact, the UK's research and development division accounted for more than a halfof the total research expenditure in 1998. Slightly smaller research and development and manufacturing and supply divisions are located in France, Spain and Italy, while the company maintains a sales force in all European countries. Clinical trials are also sponsored in all parts of Europe to ensure that products secure national support.

2.1.3. The organisational and occupational context

Over the past five years, an overriding strategic priority for Glaxo Wellcome has been to ensure that it is sufficiently flexible and responsive to the following four challenges:

(a) managing new and emerging customer segments (i.e. in India, China and South America);

(b) managing cultural and intellectual diversity (i.e. developing products and new management styles for new market segments);

(c) managing market volatility (i.e. the increased costs of research and development and product development and decreasing product life cycles);

(d) managing the burgeoning impact of the internet (i.e. the shift of power from producers and distributors to the consumer).

In common with most other companies that have applied the ideas of total quality management (TQM) and business process reengineering (BPR) to integrate previously separate functions (Bartlett and Ghoshal, 1998), Glaxo Wellcome established a 'flattened' organisational hierarchical throughout all divisions and all sites of its global operations. This flat hierarchy has dramatically transformed the lines of communication and the nature of coordination within the company. Instead of managing knowledge flows upwards through a series of vertical structures, staff have had to learn how to manage knowledge flows across the horizontal relationships that exist within and between different parts of the company.

Table 1, below, illustrates, the occupational and qualification profile of the employees of Glaxo Wellcome:

Table 1: A comparison of levels of employment and qualifications

Country	Level of employment	Level of Qualification
Austria (Sales)		
Netherlands (Sales)	Senior staff Professional/ managerial staff	University qualification 80%
	Technical staff	Higher Vocational 10% Secondary Vocational 10%
	Administration/ secretarial staff	
UK (Research)	Senior staff Professional/ managerial staff	NVQ Level 4 or above 80%
	Technical staff	NVQ Level 3 5%
	Administration/ secretarial staff	NVQ Level 2 15%
	Senior staff	
UK Sales	Professional/ managerial staff	
	Technical staff	NVQ Level 4 or above 90%
	Administration/ secretarial staff	NVQ Level 3 5% NVQ Level 2 5%

The occupational and qualification profile of the company reflects the move towards a flat hierarchy and the demand for more highly skilled workers at all levels throughout the company. It is apparent that 85 % of the workforce has, at least, a first degree, while 10 % of the workforce has an intermediate level vocational qualification.

The introduction of a flat hierarchy has also resulted in a broadening of role profiles. Far greater emphasis is now placed upon all employees having the capability to take responsibility for adding value by managing internal work processes and relationships and relationships with stakeholders more effectively and efficiently (Guile/Fonda, 1998).

2.1.4. Recruitment and initial training

Broadly speaking, Glaxo Wellcome's approach to HR can be characterised as a combination of geocentric and polycentric models of HR (Ferner, 1994). This has resulted in the company pursuing a fairly pluralistic stance towards recruitment and initial training. Although there are overarching corporate guidelines for recruitment that stipulate the level and range of qualifications that are suitable for specific areas of work, actual practice varies from country to country and division to division.

The recruitment process in the UK and the Netherlands has tended to be determined solely by the company. HR departments have worked collaboratively with line managers to agree the criteria for recruitment into specific areas of the company. They have also designed and

delivered mandatory training courses, such as any induction and/or health and safety programmes, to ensure that new staff were rapidly familiarised with the responsibilities that they were expected to fulfil. Although recruitment in Austria follows a fairly similar pattern, the HR department also has to take into account national occupational requirements. For example, sales staff have to acquire a 'license to practice' by passing the qualification as a *Pharmareferent* before they are deemed to be fully qualified.

In recognition of the fact that work roles in research and sales are changing, the company has begun to reassess the competences expected of new recruits. For example, sales work increasingly involves new forms of generic professional activities, such as being capable of cultivating long-term relationships with health care providers and displaying sensitivity towards their particular concerns. Therefore, Glaxo Wellcome's sales divisions have recognised that good communication skills and relationship building skills are as important as scientific knowledge. In some cases, this has resulted in graduates who hold social scientific and /or humanities degrees and who have good communication skills being recruited as sales managers. In contrast, the research and development division has recognised that the shift towards more 'transdisciplinary' (Gibbons *et al.*, 1994) modes of the production of scientific knowledge (i.e. constant interaction between producers and users) raises serious questions about the content of science degrees and the skills they develop in relation to the emerging demands of work roles mentioned above. The cumulative effect of these developments has led the company to try to recruit only those people who can demonstrate a competence for lifelong learning and a commitment for continually improving their performance - competences that are not traditionally associated with science degrees.

2.1.5. New business challenges

Following the merger of Glaxo and Wellcome, the company had to develop new innovative pharmaceutical products and services in order to maintain its market share in Glaxo's and Wellcome's traditional markets, in addition to developing strategies to enter new, non-traditional and emerging markets.

In the past, Glaxo and Wellcome, along with most other pharmaceutical companies, relied upon customer loyalty in their traditional markets to not only sustain demand for existing products, but also to provide the initial demand for new products. The opening up of the global marketplace during the late 1980s and early 1990s, however, fundamentally transformed the pharmaceutical business environment, mainly in two directions:

(a) increasingly, pharmaceutical companies had to persuade health care providers and patients that their products offer better value than those of their competitors;

(b) furthermore, health care providers have become much more knowledgeable about the relative strengths and weaknesses of pharmaceutical products, since information about the performance and price of complementary compounds is increasingly available in specialist research journals as well as on the Internet.

As a result, European health services became far more discriminating about which pharmaceutical products they were prepared to purchase and the price they were prepared to pay for those products. Furthermore, customers developed rising expectations about the added value that they expect pharmaceutical products to provide as regards satisfying their health care needs.

In order to secure competitive advantage in the global pharmaceutical marketplace, Glaxo Wellcome concentrated upon exploiting its own 'intellectual capital' (Quinn, 1992) and core capabilities (Hamel/Prahalad, 1994). In other words, it focused on the unique combination of intellectual, social, cultural and technological factors that provide its source of competitive advantage and distinguish it from its competitors. At one level, this has involved ensuring that the intellectual capital that resided in the company's community of research scientists, continues to develop new innovative products that could not easily be copied by other pharmaceutical companies. On a second level, it has involved ensuring that the community of sales staff treat health care providers, patients and regulatory bodies as stakeholders in the pharmaceutical business by developing a dialogue and shared set of expectations about new compounds that are undergoing clinical trials (Wikstrom/Normann, 1994).

2.1.6. New performance challenges

The idea of competing on the basis of core capabilities set a new performance management challenge for Glaxo Wellcome. By stressing 'intellectual capital', work processes, and stakeholders as determinants of business success, Glaxo Wellcome has started to review the relationship between the competence of its workforce and organisational culture.

Instead of viewing competence solely as an attribute of an individual, the company began to recognise that it was also a social and collective phenomenon and, thus, was embedded in the processes, systems, relationships and routines that link the company's different functions and divisions. The idea of competing on the basis of 'core capabilities' also heralded a shift away from the conventional wisdom about teams - that they are just a collection of 'high performing' individuals who have come together to carry out a particular task and that there are generic roles across teams. Thus, Glaxo Wellcome, along with other 'leading-edge' companies, recognised that what constituted a team and a team performance varied according to the organisational strategy, operational requirements etc. (Guile/Fonda, 1998). However, although there is a company-wide recognition of the new performance management challenges, the response to these challenges varies enormously from one country to another and from one part of the business to another.

2.2. Human resource management and human resource development in Glaxo Wellcome

2.2.1. Common HR problems, different HR strategies

Responding to the new business and performance challenges outlined in Sections 1.2.1. and 1.2.4. has led Glaxo Wellcome first to try to develop new modes of behaviour amongst employees that emphasise collaboration, self-management and accepting responsibility for outcomes. Second, the company created an organisational learning environment that enabled employees to take the initiative to cooperate and to learn. Rather than thinking of the organisation as a hierarchy with fairly static roles, Glaxo Wellcome focused upon the core processes responsible for the competitive strength of the organisation as well as its capacity to continually regenerate itself in the face of ever-changing customer requirements.

Operating under a less hierarchically controlled regime, and within less clear organisational boundaries, means that each part of the organisation has to change its way of doing the tasks and functions for which it is responsible. The company's human resource management (HRM) and human resource development (HRD) systems had to develop a more coordinated approach in order to harmonise and support workplace performances, competence development and business success. In the process of managing this change, Glaxo Wellcome identified two common problems that needed to be addressed. These problems could be defined as the 'performance gap' and the 'HRD and HRM gap'.

2.2.2. The performance gap

There are two slightly different expressions of the performance gap. The research and development division in the UK reports that one major challenge is to induce a culture change amongst many of the company's long-standing senior research scientists. Traditionally, research scientists have viewed themselves as highly specialised personnel who are employed for their scientific expertise and research track record. As a result, they have been inclined to adopt a rather insular stance as regards sharing their expertise with other scientists as well as being rather hesitant about accepting responsibility for managing or working within teams, work processes and for coping with stakeholder relationships and creating an environment that facilitates added value performance from their staff.

However, the sales divisions in Austria, the Netherlands and the UK, have all identified slightly different gaps. The Netherlands report underlines that the tight fit between initial recruitment following graduation and their socialisation into company-specific mindsets, has led many sales personnel to suffer from what they refer to as company-blindness. Consequently, sales staff tends to cling to a fairly well established range of approaches and responses when liasing with health care providers. The Austrian sales divisions report that their traditional model of training focused mainly on developing product knowledge at the expense of a soft skill development. As a result, the key challenge there is to support sales

staff to build relationships with health care providers and to display a greater sensitivity towards their particular concerns. In contrast, the UK sales division reports that they are trying to establish a high trust culture that allows people and teams to take risks and to learn as much from their mistakes as they do from their successes.

However, all three sales divisions, acknowledge, even though in slightly different ways, the limitations of highly regulated and centrally controlled models of training. Unless learning facilities are made available in the form of open and distance learning modules, the rotational model of training may leave staff waiting for several months to attend key workshops in order to update their knowledge about new pharmaceutical products and to adequately develop new sales strategies.

2.2.3. The HRM and HRD gap

At present, Glaxo Wellcome is trying to ensure a closer fit between work roles and responsibilities and human resource developmental actions. This policy of coordinating and directing management and developmental processes and resources to support competence development is more evident in the Netherlands and the UK than in Austria, since the latter is currently undergoing a major review of its HR function.

Glaxo Wellcome, in common with other multinationals, initially responded by trying to support competence development by extending the scope of HRM activity (McGovern *et al.*, 1998). Line managers increasingly assume greater responsibility for supporting employee performance and development (Lowe, 1992). A more recent development has been an attempt to align HRM and HRD processes more closely; for example, realigning performance appraisals, performance objectives and training need analyses to try to match developmental actions more closely to workplace requirements. This process of realignment has been tackled differently in Austria, the Netherlands and the UK.

Inherent in the move towards self-management, goal setting and assuming responsibility for planning and managing work processes is the idea that all employees, from front-line staff to top managers, will have to accept responsibility for what happens in their area of the company. Two stubborn problems, however, have dogged the efforts of the company to support competence development: Irrespective as to how HRM and HRD processes are reconfigured, it does not seem to be possible to simply graft new skills onto people nor is it the case that people will automatically offer value-adding performance as a result of goal setting or training. Consequentially, Glaxo Wellcome gradually recognised that competence development does not just involve more or better forms of training, it presupposes a more unified perspective about the relationship between working and learning within a given organisation, division and at the individual workplace.

2.3. The introduction of new competence-based HRD strategies

2.3.1. The nature of the problem

Developing the competence of the workforce has been tackled quite differently by Glaxo Wellcome's operations in Austria, the Netherlands and the UK. Each response reflects different human resource traditions that are associated with the respective member states. The three different responses are further described and analysed below.

2.3.2. The Austrian response: enhancing core training

The sales division in Austria has tried to support competence development by enhancing the core training provided for all staff. Initially, the level of competence is established by ensuring that staff passed the *Pharmareferent* examination. Subsequent training mainly concentrated upon providing product-specific information. In the light of the on-going strategic review of the relationship between human resource development and workplace performance, it is anticipated that the following developments occur. First, the focus and content of the training will have to broaden significantly. In future, training is likely to cover also how to plan and manage work processes, to develop skills of communication and empathy, and to encourage sales staff to develop their 'emotional intelligence' (Goldman, 1997) in order to build closer relationships with customers. Second, line managers will have to become more involved with staff development issues. This will entail identifying the forms of support they will need in order to ensure that line managers combine effectively the soft (i.e. coaching) and hard (i.e. accountability for targets) elements of HRM.

2.3.3. The Netherlands response: the idea of an occupational learning curriculum

The Netherlands introduced a new competence development programme whose aim is to strengthen cognitive and reflective competences of new recruits. The programme has two main goals. They intend firstly to develop broad-based occupational competences (Onstenk, forthcoming) associated with current occupational practice and providing a cognitive basis to support staff to tackle new problems in future. Secondly, to provide access to a learning curriculum (Lave/ Wenger, 1991), in other words, a range of resources that helps to shape participation in the community of sales representatives and thus support workplace learning and development.

The competence development programme is multi-dimensional, highly structured and based upon a company-defined set of connected occupational, organisational, strategic and socio-communicative competences. It is geared to supporting sales staff, in keeping with their experience and position in the company, to respond to current occupational problems, and to anticipate future problems. These objectives are achieved by setting a combination of current

and future-orientated occupational problems that can give insight into current occupational practice and may provide ideas as to how to tackle novel problems.

The programme is structured around the following four elements: an agreed set of personal learning goals, a formal teaching programme designed to develop the essential underpinning pharmaceutical and sales knowledge, tutorial guidance and the provision of workplace mentor and, a series of work-related problems. The programme provides opportunities to participate in an occupational culture as well as to have access to stretching (i.e. unusual situations that call for a novel response) learning situations. It is believed that working on core occupational problems can act as a stimulus to nurturing creativity and innovation, not least because learners have learnt the value of applying a reflective approach to the development of their own practice and expertise.

HR managers are currently considering how to provide a similar developmental programme for long standing sales personnel. It has been observed that the performance of sales staff begins to diminish after approximately five years of service within the company. Up to now company policy has been to try and weed-out under performing sales staff. Currently HR personnel are considering whether the new programmes can be modified in order to support old-timers to review their sales practices and attitudes towards customers. Furthermore, in order to avoid an ossification of sales practice, sales staff in the Netherlands are encouraged to develop their own external sales networks to secure advice, often in the form of 'war stories' (Orr, 1990), about how to successfully respond to health providers' concerns. At present, this tends to be a rather informal or incidental process; it is anticipated that, in future, line managers will have to accept greater responsibility for creating an environment that facilitates sharing of knowledge and experience and accepts the responsibilities for coaching their staff to assist them to improve their performance.

2.3.4. The UK's response: the introduction of high performance competence frameworks

In contrast, Glaxo Wellcome in the UK has tried to support competence development by introducing a new performance management relationship. This relationship is based on a closer partnership between HRM and HRD. The aim of the partnership is to support people developing new styles of working and learning both as individuals and collectively. This new performance management relationship is, therefore, qualitatively different from the traditional relationship between HRM and HRD which treated them as functionally different, and often unrelated, activities (Sissons, 1998). Glaxo Wellcome's approach has introduced new dependencies, which means that both parties now rely on each other in new ways.

A central feature of the new performance management relationship has been the introduction of a company-wide competence framework. This framework is based on the American tradition of competence, which focuses upon developing and supporting superior performance (Rothwell/Lindholm, 1999), rather than the UK's NVQ system, which only emphasises minimum standards of competence performances (Guile/ Fonda, 1998).

By involving staff at all levels in the development of the company's competence framework, Glaxo Wellcome secured top down and bottom-up commitment from internal social partners. Discussions were held between a wide range of internal stakeholders (i.e. senior management, front-line staff and HR staff); as a result representatives from each division agreed collaboratively the categories and definitions for a company-wide competence dictionary. This term refers to 26 core competences, and their associated behavioural indicators, that Glaxo Wellcome expect all employees to be capable of working towards. Each division in the UK implemented the framework, however, in slightly different ways. Table 2 Provides, for illustration, the competence frameworks developed by the research and sales divisions.

Table 2: Example of a competence and its definition.

Competence	Definition
Accountability	- takes personal responsibility for outcomes
Team work	- works effectively with others to achieve business goals and objectives - takes steps to promote cohesiveness, collaboration an synergy with associates throughout GW - bridges personal, business and cultural differences to work effectively in team settings

As the examples above indicate, there is a shift towards a more relational conception of competence and competence development (Guile/Attwell forthcoming). There are two main characteristics of this relational conception of competence. Firstly, the definitions of competence presuppose the existence of an organisational context that presents opportunities for individuals and teams to develop best-in-class practice and also encourages them to work collaboratively in order to achieve desired outcomes. The message is reinforced through the use of a number of behavioural indicators. These spell out the types of behaviour that are associated with different competences within different parts of the company. Table 3 below provides two examples of the relationship between a competence and its respective behavioural indicators. Secondly, it implies taking more explicitly into account the social and cultural processes that influence learning and staff development (see Table 4.)

Glaxo Wellcome's competence framework is designed to encourage a level of transparency about what constitutes 'superior performance'. Line managers and HRD managers use it to identify those aspects of an individual's performance that require strengthening, for example managing customer relationships, and appropriate developmental actions. In this sense, the framework can be seen as trying to support employees' horizontal development (i.e. the ability to vary performance to reflect the demands within different work contexts and of differing work expectations).

Table 3: The relationship between competence and occupational behaviour

Competence	Definition	Behavioural indicator
Accountability	- takes personal responsibility for outcomes	- follows up on personal commitments - analyses open performance to learn from mistakes takes personal responsibility for taking actions on initiative that drive the business - does not blame anyone
Team work	- works effectively with others to achieve business goals and objectives. - takes steps to promote cohesiveness, collaboration an synergy with associates throughout GW. - bridges personal, business and cultural differences to work effectively in team settings.	- actively co-operates with and helps others - accepts ownership for the team's overall success - follows through on commitments to the team - thanks others for their contribution; gives credit where it is due

However, the different parts of the company, developed different strategies in order to assist line managers, HRD managers and individuals to identify appropriate developmental actions. For example, the research division introduced a learning and development matrix. This attempts to 'loosely-couple' (Weick, 1985) development opportunities, for example internal training and development programmes, courses from preferred suppliers (including universities, private education and training providers), the use of mentors, work shadowing, work projects, to the development of specific competences.

In contrast, the Sales Division focused on integrating those organisational 'meso processes' (Rousseau/House, 1994) that play a central role in competence development. In other words, establishing a framework to link HRM and HRD activities more effectively. Consequently, they have introduced a developmental framework that explicitly identifies HRD and HRM activities that support competence development. Thus, they have recognised that both the work context and the development context have to be actively managed if people are to learn how to become more effective performers (Table 4 below illustrates the nature of this relationship).

Table 4: Spectrum of development activities.

Generic Skill / Competency Development	**Leadership/Management Development**	**Business Area Support**	**Organisational Development**
How: - Development portfolio - Development Network - Through Personal Development Plans	How: - 1:1 Coaching - internal /informal - internal / external Central training Local support (Team Coaches, Managers, Development Sponsors etc)	How: - Advice and support - Identified contact within the development team	How: - Advice and guidance - Research - internal - external - Influencing and education

The developments initiated in the research and sales divisions thus imply new roles for line managers/project team leaders and HRD managers. The former are expected to take responsibility for creating organisational 'communities of practice' (Brown/Duguid 1991). The aim of these communities is to encourage members to talk to each other as well as to other communities about the challenges facing them and to identify jointly how to overcome those issues they perceive to be stalling progress.

In contrast, HRD managers have to become business partners (Ulrich, 1996) for the company's different operating divisions by helping to develop a more unified view on working and learning. At present, this involves to assisting line managers to embed people's development and to launch benchmarking processes in order to support high performance business development and the succession of planning processes more effectively in each of its operating divisions. This led Glaxo Wellcome to establish a designated team of HRD coaches. They work closely with front-line sales staff and respective line managers and offer on-site support (i.e. work shadowing) as well as taking responsibility for designing custom-built courses to support specific aspects of competence development (including the developing of a close relationship with other stakeholders).

In future, HRD managers will increasingly work alongside line managers to embed people-focused knowledge management processes and systems (i.e. opportunities to collectively share expertise and reflect on future performances) in order to assist Glaxo Wellcome to create a culture that supports both knowledge sharing and knowledge creation (Scarborough *et al.*, 1999).

2.3.5. Qualifications and competence development

The main principle that underpins the company's approach to an on-going and sustainable competence development is that people need to be supported to engage in the issues and to cope with challenges they are experiencing in their working lives. As a result, Glaxo Wellcome places as much, if not more, emphasis upon supporting people to develop a new understanding about the challenge of their work roles. The company is tackling this issue by providing systems that offer people emotional support, feedback on performance and access to different role models. It feels these are more important for supporting lifelong learning and performance improvement than encouraging staff to study for further (formal) qualifications. For example, the competence development programmes established in the Netherlands and in the UK concentrate upon offering staff access to the following range of development activities:

(a) company-designed training and development programmes that do not necessarily result in any form of external accreditation;

(b) programmes from preferred suppliers, universities, private HR consultancies, etc., that reflect company-agreed priorities for training and development and that do not necessarily result in any form of external accreditation;

(c) company coordinated coaching and work-shadowing programmes;

(d) company approved opportunities to undertake broader forms of workplace responsibility;

(e) company approved opportunities to exercise leadership within project groups;

(f) encouragement to share and acquire further knowledge and deepen understanding by participating in workplace communities of practice.

Certainly, opportunities do exist for staff to enrol for nationally recognised qualifications. However, Glaxo Wellcome recognised that acquiring a qualification does not necessarily mean that people will learn how to change and to increase their workplace performance - a key determinant of competitive success for the company. One of the company's main reservations about most existing qualifications throughout the EU is that they are mainly geared to supporting vertical development (i.e. acquisition of knowledge and skill appropriate to a career) and not to supporting a horizontal development. This relates to the competences and soft skills needed to work effectively with colleagues, to manage and share knowledge and for liaison with customers. Such competences indicate that someone is capable of adapting and increasing her/his performance or varying his/her advice according to the requirements of a given situation or within a specific context.

2.3.6. Glaxo Wellcome's models of competence development

Table 5 below summarises the converging and diverging features of the three competence development models introduced by Glaxo Wellcome in Austria, the Netherlands, and the UK.

The table identifies the three main features of the new relationships between HRM and HRD that the company tried to develop and to apply. They are:

(a) the new learning processes that have been introduced to support competence development;

(b) the new relationships between HRM and HRD that are emerging to support competence development;

(c) the emerging links between competence development and the sharing and creation of (new) knowledge.

Each response reflects a tension between Glaxo Wellcome's desire to change the performance of its workforce to ensure they can take responsibility for adding value and the different human resource traditions that prevail within each country.

Table 5: A comparison of the Austrian, Netherlands and UK's competence-based HR models

	Austria	**Netherlands**	**UK**
Model of competence Features of competence development	'Enhancing core training'	'Occupational learning curriculum'	'High performance competence framework'
Learning processes	'soft skill' training	- allocation of 'core problems' - access to a 'learning curriculum'	- provision of a framework for competence development - access to a 'learning matrix' and '
Emerging relationship between HRM and HRD	Unclear: (likely to emerge once internal HR review is completed)	Separate roles: - HRM managers as developers of 'communities of practice' - HRD managers (still emerging)	Partnership: - HRM managers as developers of 'communities of practice' - HRD managers as 'knowledge creators' and 'business partners'
Emerging links between competence development and knowledge sharing / creation	- developing line managers ability to balance 'hard' and 'soft' styles of HRM	- sharing 'war stories'	- using 'holding environments' to advance individual and collective knowledge and performance

The Austrian model of competence development represents a gradual evolution from the strong national tradition of a highly centralised and tightly controlled mode of HRD. Traditionally, HRD activities concentrated upon developing professional knowledge and expertise. The introduction of soft skill training reflects a shift from focusing upon training and development inputs (i.e. developing knowledge about pharmaceutical products) towards a focus on supporting sales staff to achieve better results (i.e. through empathising with

customers) or outputs; they are thus approaching an outcome-based model, which may be heretic from more recent English approaches to training and competence development.

The Netherlands model reflects the company-wide introduction of a well-established national tradition in continuing vocational education of supporting the development of competence through the use of core occupational problems (Onstenk, forthcoming). The idea of core occupational problems shifts the HRD focus away from viewing the purpose of training and development as simply the transmission of knowledge, skill and ideas about existing best professional practice, towards developing a deeper reflection on practice. The use of the concept of core occupational problems, coupled with access to a learning curriculum, is intended to encourage sales staff to develop a more forward-looking perspective about their work. In particular, they are encouraged to learn from peers and to use the core problems to identify how they might tackle similar problems in future. The main strength of the Netherlands model is that it tried to enhance professional practice by integrating formal (i.e. core occupational problems) and informal learning (i.e. learning in workplaces and from peers). Less attention, however, has been given to how organisational HRD and HRM meso-processes may need to be (re-)configured in order to improve and to expand supporting formal and informal individual learning processes.

In contrast, the UK model both shifted and broadened the focus of competence development. It has shifted the HRD focus from concentrating either on training and development outcomes or on reflection on professional practice, to focusing on how to achieve agreed performance outcomes. It has also broadened the focus of HRD by recognising that competence development presupposes a 'developmental partnership' (Guile/Fonda, 1999) between HRD and HRM. This new relationship presupposes, first, the integration of those organisational 'meso processes' (i.e. performance appraisals, goal setting, mentoring, coaching, training and development) that allow HRM and HRD activities to be linked together more effectively. Second, that HRD and HRM manager's work collaboratively to create an organisational environment that facilitates added value from all staff. The sales and research divisions of Glaxo Wellcome in the UK are exploring the implications of this development in slightly different ways.

2.4. Conclusions

It is clear that Glaxo Wellcome's operating divisions in Austria, the Netherlands and the UK have been subject to similar trends as regards work re-organisation (i.e. the introduction of 'flat hierarchies', broadening of occupational profiles) and HR issues (i.e. more responsibility has been delegated to line managers).

Each of the operating division has, however, developed quite different interpretations of what constitutes 'competence'. In the case of Austria, the main focus has been to support sales staff to build better relationships with client. In the case of the Netherlands the main focus has been to support sales staff to develop a more future-orientated perspective about work roles by

supporting 'reflection-on-practice', while in the case of the UK the main focus in Sales and Research has been to try and help staff to achieve improved performance outcomes for developmental and work-related actions.

On the one hand, these different focuses and emphases reflect the influence of the wide range of the long-standing HR and competence development traditions associated with each operating division. On the other hand, they reflect a burgeoning realisation that competence development cannot be entirely subsumed under HRM and thus treated as a managerial issue. Glaxo Wellcome's experience indicates that competence development must also be seen as a developmental issue, and that this involves paying more explicit attention to the learning processes that support people to develop their professional practice and professional understanding. As a result, the company has had to support competence development by reconfiguring HRD and HRM 'meso-processes' in order to integrate work and learning more efficiently and effectively.

All three models also reflect, albeit in slightly different ways and with slightly different emphases, the inadequacies of many of the traditional models and assumptions about training and development. It can be tentatively suggested that a more socio-cultural conception is emerging about the relationship between the process of working, learning and competence development. On the basis of the evidence presented in this case study, the main assumptions that lie behind this conception of competence appear to be as follows:

(a) learning requires opportunities to reflect on experience and try out new ideas;

(b) learning depends on participating in, and discerning the rules and protocols of, the 'community of practice' (i.e. own company, other company, academic) which has produced the ideas they come across;

(c) learning requires access to opportunities to participate in 'stretching' and 'low risk' activities;

(d) work environments have to be actively managed to support the identification of performance challenges and to develop appropriate forms of professional practice and habits of behaviour.

The evidence from the case study also suggests that linking qualifications to the type of competence development described in this case study presents an entirely new set of challenges for national VET systems (intermediate and higher level) and national qualifications systems as regards the role and design of qualifications in relation to lifelong learning. Qualifications have usually denoted an 'end-point' for a period of study (Young, 1999). In a lifelong learning context, the role of qualifications has to evolve to reflect an individual's capability for continuing their learning in formal contexts (i.e. university) as well as informal contexts (i.e. workplace). As the case study makes clear, this will involve taking greater account of the forms of 'horizontal development' that are central to competence development: forms of development that, at present, are not addressed by existing qualifications. As a result, Glaxo Wellcome in the Netherlands and the UK feel more

comfortable using internal HR performance review schemes and development processes for assessing continuing professional and vocational competence.

Finally, it is clear that the shift away from company-wide functional and skill-based training is transforming the role of the social partners. Under the 'old' Taylorist organisational and training and development paradigm, the social partners assumed responsibility for negotiating job demarcations and work roles with management as well as access to training for different categories and levels of staff.

The shift towards 'flat hierarchies', broader occupational profiles and competence development programmes, however, has broken the umbilical cord between work roles and job-specific training. By placing the emphasis for competence development firmly upon the demonstration of a commitment to lifelong learning, achieving performance improvement and participating in 'organisational communities of practice', Glaxo Wellcome has introduced a more integrated concept of working and learning. This concept, however, presupposes the provision of more finely 'tailored' forms of training and development and, thus, limits the scope of the social partners to either negotiating access or to influencing the nature of provision.

Some new roles for the social partners have, however, been opened up. Glaxo Wellcome's inclusive and participative approach to the design of competence frameworks encourages the social partners to work alongside management to re-design work roles and responsibilities. Such activities, however, are highly 'localised' and do not offer the strong levers of influence associated with the previous paradigm.

3. Competence development at Xerox (the document company)

3.1. Introduction

3.1.1. Economic background and context

Xerox is an American communication and IT company which offers a wide range of products, services, applications and support systems such as printers, scanners and software in various branches. It has subsidiaries in almost all continents. Xerox operates worldwide in more than 130 countries and employs more than 91 000 people. As regards the number of employees, Xerox Netherlands (with 3000 employees) is nearly as big as Xerox Great Britain (with 4200 employees) and has 10 times the number of employees compared to Xerox Austria.

3.1.2. Historical background and global business challenges([4])

The number of companies offering comparable products and services has increased in the past because of the continuing industrial convergence in computing and telecommunications as well as because of the growth of e-business activity. Xerox has had to broaden its business focus instead of concentrating upon single products to remain competitive in this global environment. Therefore, Xerox has been reappraising its organisational structure and internal relationships, beginning in the mid 1980s by using total quality management (TQM) - leadership through quality - and business process reengineering (BPR)([5]). Moreover, Xerox had to review its human resource policy in 1992 in response to increasing competitive pressures.

Up to this time the company has operated a traditional 'Taylorist' or command and control training system, which meant that the HRD department was responsible for determining and delivering training and development for each level of employee. There was a clear separation of functions between the HRD department and the other operating divisions, with a training needs identification system that determined access to training in accordance with the principle of job hierarchy. The design of training programmes closely matched the existing range of Xerox's products, services and markets and was based on the regular rotation of the same range of workshops. This system had several negative aspects to which Xerox had to react.

([4]) This chapter is mainly based on information from Xerox UK

([5]) This means integrating functionally separated operating divisions into unified work processes and using digital technologies to communicate business information to different parts of the organisation.

First, the rotation model of training frequently left staff waiting for several months before they were able to attend key workshops to learn about new products and services. So, many employees were unable to fully exploit new business opportunities since they lacked essential knowledge. Moreover, access to certain types or levels of training was often denied until the employee attained a specific level of seniority within the company, which created a kind of glass ceiling to development.

Second, Xerox often lacked any engagement in the issues and challenges that staff were actually experiencing in their working lives since training was based on the provision of information about old products, services and business practices. As a consequence, little attention was given to the problem of building and developing relationships with customers, or the question of how to use soft skills to enhance performance.

Third, Xerox had adopted rather loosely-coupled strategies, systems and models for HRM and HRD, which meant that neither line managers, nor HRD managers really felt engaged in, or responsible for, HRD-processes and planning. To address these deficits, Xerox has slowly developed a new, competence-based approach to HRD throughout the 1990s, which is based on the following principles of competence development.

3.2. The competence concept of Xerox and its premises: a part of the company philosophy

This new competence-based approach to HRD has certain affinities with the North American tradition of competence development that focuses on developing exemplary (best-in-class) individual and organisational performance and competes on the basis of its core organisational competences (Rothwell/Lindholm, 1999). Xerox has used its competence development programme to link organisational strategy, core organisational competence and individual performance more closely together.

Xerox defines core organisational competences as 'a set of capabilities embodied in physical, human, institutional and financial assets that are essential to the conduct of, and attainment of, corporate objectives', whereas personal or individual competence is defined as 'the power of being able to perform a task or activity within the context of one's role'.

At one level, these definitions of core organisational and individual competence clearly indicate that Xerox views business objectives and human resource development objectives as being closely integrated with one another and with organisational context. At another level, they indicate a shift away from traditional views of competence as a set of qualities or attributes that are possessed by individuals and closely related to job definition and job hierarchy. Xerox, therefore, has started to view competence in relational terms. In other words, the company has recognised that competence development is as much dependent on individual self-effort as it is upon the creation of an organisational context that facilitates individual and organisational learning and development.

This concept is underlined by a very pragmatic and demand-oriented approach of competence development processes, which are based on the following principles:

(a) competences are more important than (formal) qualifications;

(b) internal recruiting is preferred to external recruiting;

(c) avoidance of follow-up training in favour of initial training;

(d) the choice of relevant training and development measures is made demand-oriented and economically;

(e) every employee has the obligation to develop and assess himself continuously;

(f) the employee can decide by himself how to achieve his goals; the work atmosphere should allow creativity and individuality.

These Xerox principles of the competence concept cannot be understood without taking into account the company philosophy and its strategic goals. The four main strategic company goals are:

(a) customer satisfaction and loyalty;

(b) employee motivation and satisfaction;

(c) increase in market share;

(d) improvement of financial performance.

Xerox, by understanding itself as a learning organisation, is aware of the fact that only adequate employee competences can ensure customer satisfaction and high performance. Moreover, Xerox considers its employees as (internal) customers, a point of view that stresses once more the close relationship between individual satisfaction and competences. These principles are the same in Austria, UK and the Netherlands and only the way they are handled differs notably between these countries. Additionally, further assumptions on the nature of learning could be identified with Xerox UK:

(a) learning requires opportunities to reflect on experience and try out new ideas;

(b) learning depends on participating in, and discerning the rules and protocols of, the 'community of practice' which has produced the ideas they come across;

(c) learning requires access to opportunities to participate in 'stretching' and 'low risk' activities;

(d) the work environment has to be actively managed to support performance incentives and to develop appropriate behaviour.

3.2.1. The Xerox model of competence building: the learning continuum

Regarding the relationship between individual competences and the company's core competences, competence development cannot be examined as an isolated concept.

Competence development does not belong to a single department, such as the HR-department, or to a certain area, but is integrated in the whole company (Bergenhenegouwen, 1997). It is part of a system in which at least the following nine elements play an important role: introduction, training, performance appraisal, continuous learning, self-assessment, recruiting, knowledge management, performance, and customer satisfaction.

In this system, performance appraisal ('performance improvement appraisal'), which is in the responsibility of a superior, has a key role. On the one hand, appraisal detects qualification and competence requirements, which have to be covered by training or by other means. On the other hand, it shows the existing potential within the company and determines whether human resources should be developed internally or recruited externally. It is important for the goals agreed upon in the performance appraisal to be achieved, but the way this is done by the employee is up to himself/ herself.

Moreover, the appraisal might also support or create a consciousness for the processes of continuous learning, knowledge transfer and self-development, the latter belonging to the main instruments of competence development. This stresses Xerox's view of itself as a learning organisation, so that the pragmatic part of competence development with Xerox is enriched by self-development (and even becomes displaced by it).

The basis of Xerox's view of the learning organisation is the principle of the 'learning obligation' which becomes increasingly important because the environment of the company is changing permanently and faster. If the company wants to stay competitive in such an environment, it has to react and adapt flexibly to changing circumstances. This is only possible if the company has the (new) skills and competences, which are required to survive. The idea of the 'Learning obligation' does not mean that the employee has to attend several training courses but that he has to develop himself and to reflect on this process continuously (Münch, 1997). The employee is responsible for, and has to look after, his (own) development. To do so successfully he is assisted by the company but the main focus is on his own responsibility and on his willingness to develop and learn. The obligation of continuous learning includes permanent independent development as well as regular self-assessments. In the course of self-assessment the employee estimates on his own the competences necessary to meet the performance required. To assess oneself means to detect one's deficits, to see one's potential and to develop oneself.

The self-imposed obligation of the company to appraise the employee on a regular basis is in accordance with the principle of continuous learning (in Xerox terms: learning continuum) by the employee himself as an instrument to develop his potential. This is the reason why flexibility and a high willingness to learn on the part of the employee are part of the main selection criteria in the recruiting process.

In the Netherlands the learning obligation is determined in a formal personnel handbook, which states that the employee himself has the main responsibility for his own development. In contrast, in Austria there is only an informal appeal to the employee, which he might respond to or not. Moreover it is interesting that in Austria there does not exist any kind of

formal handbook in the HR department, which is also a sign that the learning obligation plays a less important role in this country.

The aim of both the performance appraisal and the (self-)development measures is to cause a kind of company specific standard which every employee should reach and which are used as a main criteria for assessment and development (Hoffmann, 1999). These competences, which are called cultural dimensions, are determined for the whole company and deliver homogenous criteria. They include nine dimensions and are again subdivided into several other criteria: market-orientation, result-orientation, action-orientation, line-orientation, team-orientation, responsibility, communication skills, willingness to learn, and creative action. These competences are seen to be essential and are core competences for the success of the company. Xerox has the opinion that these competences cannot be taught completely in formal training settings, unless they already exist as fundamentals. To be competent means for the employee to be able to deliver his performance and to cause customer satisfaction. It is not important in which way the employee causes this satisfaction.

Every employee is trained in line with company specific knowledge and to a certain standard of qualification. So qualifications ought to become exchangeable and transferable through different countries, and the employee becomes (at least theoretically) employable in each country without prior introduction. At the same time Xerox creates enough freedom for the development of the individual, making it possible to form communities of practices that differ notably between countries. Due to this fact, the interchangeability of qualifications does not necessarily correspond to the number of assignments. Mobility and willingness to move is very rare in the sales area, also because of potential language barriers and the poor career opportunities of the assignment.

Moreover, Xerox concentrates on competences rather than on (formal) qualifications and puts its emphasis more on performance and output than on formal degrees; academic degrees do not have much importance within the company. Xerox sees no differences in the performance of graduates and non-graduates but takes into account mainly their career motivation and planning, e.g. their willingness to be promoted to the management level. The reason why formal qualifications are still the main selection criteria in the recruiting process is not because competences or performances can be linked to a formal degree, but because potential learning and capability to develop can be more easily detected if a formal degree is held by a candidate. Thus formal qualification becomes a pre-selection criteria but not an assessment and promoting criteria.

3.2.2. Reasons for development measures

The introduction of new products is the most evident reason for competence development measures. Most often requirements are clearly defined and training measures are submitted simultaneously with the introduction of the new product. If new products are developed, there arise new (qualification and competence) requirements, which are exactly the same in all countries. These requirements have to be covered by training measures whose kind depends

on the degree of novelty of the product: in the case of a real product innovation (e.g. the introduction of a new copy system) the organisation of the training is done very carefully. In contrast to this, slight product changes require only some written additions. The main principle concerning product-specific qualifications with Xerox is the preference for on-the-job training to off-the-job training (Brown/Duguid 1991). This aspect of competence development is especially beneficial to the 'speed' of diffusion of knowledge between countries, whereas it offers less for the rather short cycle of recognising requirements, planning training measures and fulfilling requirements.

Less evident are new customer and environmental demands, which are a big challenge for all multinational companies. For example, there used to be emphasis on sales technique and on the benefit of the product in the sales area. Nowadays this is increasingly shifting to a kind of sales consultancy. This means not just the development and sale of a simple product but the sale of a customer-oriented solution, which involves not only the product itself but also the know-how, and the services of the company as well. The concentration on the requirements and the needs of the client has also led to a dispersion in various areas which allows branch-specific, tailor made solutions and requires special know-how.

This application-oriented consultation requires classic sales competences as well as a high degree of economic understanding and knowledge of branch specific processes, which become, more and more, essential competences. 'We do not only want the willingness to put oneself in the client's position but also the adequate skills (knowledge of business administration and branch specific knowledge). This is the challenge for development which will become more and more important' (training manager/Austria) and will lead to a point in the future where the salesman will neglect his product range completely and will only concentrate on the operational problem. 'The salesman of the future will be a consultant of the company and he will be a kind of entrepreneur who has all the instruments necessary to execute the project' (quality manager). Because the market situation and the environment are changing quickly, new functions arise constantly so it is important that the employee can be employed on as broad a basis as possible. The employee must be flexible and willing to develop himself and to acquire new knowledge constantly. In contrast to the development of new products, the requirements arising from new customer and environmental demands differ from country to country according to different national circumstances, so branch specific (e.g. public sector) solutions might differ enormously between countries.

3.2.3. Instruments for determining competence development needs

Performance appraisal (in Xerox terms 'performance improvement appraisal') is the central instrument for determining the qualification and competence requirements and is more than just an instrument to appraise. The appraisal has two functions: on the one hand performance is assessed, on the other hand qualification and competence deficits are determined. Once a

year the superior (the sales manager([6])) discusses performance together with the employees, as well as their goal achievement and which measures have to be taken in the following year. Assessment is made of the extent to which employees meet the 'cultural dimensions' detailed above.

The appraisals are based on specific questionnaires where three optional competence areas can be chosen for improvement. These measures are in close context with the competence needs. The results of the appraisal and the measures chosen are submitted to the person responsible for HRD who makes the final decision about the training measures. Appraisals are carried out in all countries but they differ in the way they are done, e.g. the length of intervals. In the Netherlands the appraisal is done twice a year, in the UK at least every six months, if possible even every six months. In Austria it is done only once a year([7]).

In addition to this appraisal, Xerox uses another standardised instrument of development, which is called policy deployment (PD). PD is based on two-week performance reviews and is done at least quarterly. Within the PD, the superior and the employee agree upon the main individual actions ('vital views') to achieve the four strategic goals of the company. Then it is determined how and when goal achievement and success will be measured. The PD is based on a standardised form created nationally; in the Netherlands the criteria for evaluating success are specified in writing, whereas in Austria they are purely optional.

Both performance appraisal and policy deployment are the basis for (further) development. Also, the latter is basis for the former because, within policy deployment, the goals of the following quarter are agreed upon and achievement of these goals will be assessed in the performance appraisal. So there is a very tight relationship between these two instruments although they do not coincide. Moreover, emphasis of PD is more on 'hard' criteria whereas the appraisal also stresses 'soft' criteria.

Finally, the instrument of self-assessment has to be mentioned h[illegible] Self-assessment is a main part of continuous learning because it stresses the responsibility of the employee and promotes his autonomous development. Self-assessment is based on, and supported by, a program, which is called X-comp (Xerox competences) where the employee can assess himself by comparing his competences with a stated competence set (Mansfield, 1996). For each job there is a specific competence catalogue that is deduced from the job description and that includes technical and social competences. Each country has to adapt this competence catalogue to its national circumstances and requirements. In the case of deficits, the program shows possible measures to remove them. The employee can assess himself as often as he likes to and can work independently for his development. If he feels that he has improved or if

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([6]) The sales managers report to the sales director and are branch team leaders, every branch team (which are strategic areas) consists of an average 5-10 employees.

([7]) At this point it is important to mention that there is no special need for analysis of qualification and competence within Xerox (Buchter, 1999), because this is done in the appraisal.

he needs the help of the company, he informs his superior of any results so that the assessment becomes official.

The instrument of self-assessment is furthest developed in UK; 1997 it was introduced in the Netherlands and since 1999 there has been a pilot project in Austria. In Austria the program is being piloted in the technical area and it is not certain that it will be implemented in the sales area. This is, first, because the emphasis of the competence catalogue is on soft skills, which are difficult to define and, second, because the standardisation of competence profiles is only useful in countries with a large number of similar job profiles, and this is not the case in Austria.

Generally, it has been stated in all countries that self-development and self-assessment of the employee is becoming increasingly important, so that the responsibility for qualification and competence development is shifting away from the company to self-development. This means that the employee is taking on more responsibility for himself and his own development, as well as for competence development in general and for the strength of the company. The relationship of the company to its internal clients is getting much stronger, so the employee has to be included into the decision-making process of the company.

3.2.4. From competence requirements to training strategies

The subsequent competence requirements can (according to Section 1.3.1.) be broadly divided into non-product-specific and product-specific requirements.

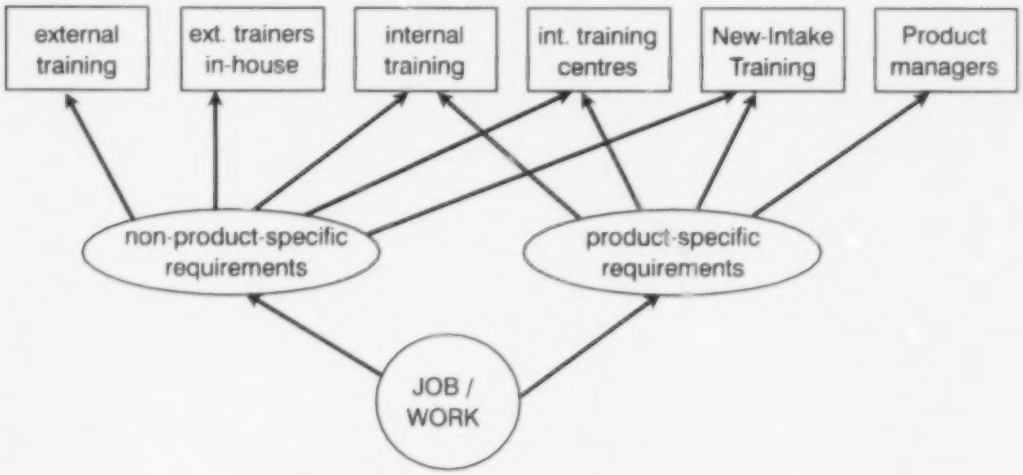
Non-product-specific competence requirements, which refer mainly to language and behaviour skills - such as sales techniques, telephone marketing, customer-acquisition and social competences – are covered either internally or externally according to the resources available. Internal training includes new –intake training for new personnel, training in international company-owned centres and in-house training done either by internal trainers (e.g. training or quality managers) or external trainers. There is also external training conducted by various training and development institutes and consultants. Generally, internal development is preferred to external training.

In contrast, product-specific qualification requirements are usually covered by the product managers who are responsible for the individual product training. These training courses, which also include new –intake training, are organised and handled by the training manager. They might be carried out either on a national or an international basis, the latter taking place in the international company-owned training centres. The product managers themselves are trained in international training units by unit business managers so that they are able to transmit their know-how to the national level.

If new competence requirements arise in connection with product development, knowledge transfer and organisation of training are as follows. Generally new product requirements come into being in the parent company and are transferred to the business unit manager. This

manager is responsible for training the product manager of the subsidiary who then conducts training on a national level.

Diagram 1: Product and non-product-specific competence requirements



Source: IWI.

Xerox avoids double-tracks, and the choice of the target group and the allocation of the training is done very carefully and demand-oriented. This also includes the decision on whether training is conducted nationally or internationally: Xerox uses its own international training centres in Europe and the USA if necessary, but prefers national training depending on the respective (financial) resources.

To sum up, Xerox has an extremely pragmatic view of training organisation. It is very demand-oriented and there is no possibility of indiscriminate all-round distribution. This means that there are no sporadic or general training courses but optimised coordination and organisation of learning contents, places and types according to the following parameters:

(e) explicit, non-product-specific knowledge is acquired to a great extent through self-instruction so that seminars are based on already existing knowledge;

(f) emphasis for product-specific knowledge is on on-the-job training because of the high practical component of that knowledge; Xerox tries to avoid off-the-job measures such as the distribution of manuals;

(g) in general training; is done nationally except for matters of very specialised knowledge;

(h) subsidiaries are quite free in the organisation of their training and receive just a few recommendations from the parent company (Schulte, 1988; Festing, 1997).

3.2.5. Knowledge transfer

International knowledge management is realised in a special organisation which is called the 'industry solution organisation' (ISO) and which reports directly to the chief executive officer of the European headquarters. The task of the ISO managers is to collect case studies from all countries, to examine them, and to develop improvements with the help of Xerox products.

To match the various requirements of the company, Xerox is divided into strategic fields([8]) and is based on a mutual exchange of information between these areas and the parent company. The transfer of knowledge can be in both directions, from the parent company to the subsidiary and vice versa, although the latter happens quite rarely and mostly in the form of 'best practice' case studies.

The marketing departments of the subsidiaries have to collect case studies resulting from solution-oriented sales and pass them on to the entity to which they belong([9]). From these entities, the case studies are then collected by the European headquarters and passed on to the American headquarters to the ISO (Newell, 1999). 'We are requested to sell in a solution-oriented way so that case studies are produced automatically' (quality manager of Austria). The ISO reflects on these case studies, improves them - using not only products but also know-how, services and IT-knowledge - and distributes them, again internationally. The subsidiaries have then to adapt these solutions as as best they can. So knowledge transfer within the subsidiaries is not based on classical, international training but on the diffusion of 'best practices'. Additionally, general informal contacts between subsidiaries support knowledge transfer, at least between companies of comparable size, structure, and similar geographic location.

The main stream of knowledge, which might arise from new product requirements or from instructions from headquarters, goes from the parent company top-down to the subsidiaries (like a railroad system). In contrast to this, the bottom-up direction is not as common and mainly happens through the case studies mentioned above.

The relationship between the subsidiaries is characterised by informal contacts that might be practised in official meetings as well as through informal requests or by supply of advice. Therefore, emphasis is on personal relationships between employees and not on formal organisation.

Recently knowledge transfer has been assisted by the use of multimedia (intranet), which allows retrieval of current technical know-how, product and IT-information as well as job

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([8]) These four strategic fields are: a) banks and insurances, b) trade and industry, c) public sector and d) graphic arts industry.

([9]) Xerox Europe is organised in different entities; for example Austria and the Netherlands belong to the north entity, which includes all nordic countries (Sweden, Finland, Norway, Denmark) Belgium and Luxembourg as well as Switzerland and the eastern European countries. UK, France and Germany comprise the south entity.

profiles at any time. This keeps the employee up to date, informs him about changes and helps him to solve problems on his own. The use of the intranet is different in UK. It is used by the HRD department and the line managers to benchmark the competence sets possessed by 'high performance teams' compared to the competence sets possessed by those who do not perform at such a high level. Once this knowledge has been acquired, HRD and line managers reconfigure formal in-company training and informal methods of development (i.e. mentoring). In contrast, in Austria benchmarks are set in strategic meetings and are based on figures of turnover.

3.3. Trends and conclusions

This Case study clearly shows that the importance of competence development for the performance and competitiveness of Xerox has risen, as has awareness of the necessity of competence development. This has led to a stronger integration of competence development into ordinary company processes.

In general Xerox adheres to a concept of competence which does not correspond to the traditional classification into certain models of competence development that can usually be found in literature. On the contrary, Xerox seems to use a combination of the performance model, output-model, and core competences model (Hoffmann, 1999) which can be described as follows (with the main focus on the performance and core competences model).

The competence concept includes elements of the performance model because Xerox puts its emphasis on performance and on the competences that are necessary to produce this performance. The central instruments for improving performance and developing competences are performance appraisal, where superiors discusses goal achievement with their employees, and policy deployment, where the main individual actions to achieve the four strategic goals of the company are agreed upon by the superior and the employee.

Beyond that can be found elements of the output model, which focuses on performance output and on its specification. Therefore, it defines a certain company specific standard, which should be reached for an employee to be judged as competent. The criteria of this standard refer to performance as well as to social competences such as sympathetic understanding and sales techniques that are able to generate client satisfaction. Qualification and competence development strongly interact with the satisfaction of employees and customers: this satisfaction requires adequate competence from the employee. The development of these competences has a positive impact on the employee and his satisfaction. Satisfied employees need satisfied customers (and vice versa).

Finally, competence development within Xerox is based on the core competences model. In a company there are unique factors that can provide a source of competitive advantage. The core competence of Xerox is consultation with the client, whereby the focus is on his problems and not on the product range of the salesman. This core competence is, first of all, a

characteristic of the company, a competence that is created socially and collectively and is embedded in all systems and processes; it is not purely an individual competence. Therefore competence development is as much dependant on the creation of an organisational context that facilitates individual and organisational learning and development as it is on individual self-effort.

Following these general changes a few more detailed conclusions can be drawn.

Competence development involves a partnership between individuals, line and HRD managers and the company as a whole. The tasks of HRM, HRD and competence development become integrated into, and grow to, a single unified process of development. This implies new roles for HRM and HRD managers, namely to support individual and organisational competence development.

Neither qualification nor competence development can be regarded as isolated from areas and/or processes. Development cannot be contained within a single department; it is a process that is integrated in the whole company. This organisation allows and encourages a faster and more efficient diffusion of knowledge and qualification requirements, which is supported by international knowledge management.

The HR department is to become a business partner for the other departments and actively participates in competence development, instead of only creating its frameworks. One of the tasks of the HR-department is the creation of a culture that allows the employee more responsibility for himself and his own development.

The responsibility for qualification and competence development shifts from pure instruction by the company to self-development and self-assessment of the employee. Moreover the employee is charged also with competence development in general (i.e. for the company as a whole). The relationship of the company to its internal clients becomes much stronger so that the employee has to be included in the decision making process of the company. This fact will probably become even more important in the future.

The (Xerox) salesman of the future will neglect his product range completely when consulting the client and will concentrate only on operational problems. He will become a consultant for the company and will be a kind of entrepreneur who has all the instruments, necessary to execute the project.

No skill gaps arise from product innovation, because new products and the required training are closely linked and introduced simultaneously.

There is a shift from judging qualifications as a 'guarantee' of competence or skills to understanding that these are fairly limited factors when it comes to capturing the capability to perform in different organisational settings ('horizontal development').

Xerox contributes to the standardisation of qualification and sharing of 'global' knowledge by stressing, at the same time, individual competences and creativity in a way that differences between communities –of practice and national differences are allowed.

The Case study, however, has also identified another, and potentially even more important, form of knowledge-sharing. It entails the creation of 'holding environments' that allow individuals and teams to reflect upon common dilemmas, identify future problems and, thus, create new knowledge.

4. AXA case

4.1. Introduction

4.1.1. AXA worldwide

The AXA Group is one of the big insurers and financial services providers and operates in national and international markets. It is represented on five continents and in over 60 countries. AXA's insurance operations include activities in life insurance, property and casualty insurance and reinsurance. The insurance operations are geographically diverse, with activities principally in western Europe, North America and the Asia/Pacific region and, to a lesser extent, in Africa and South America. It is the second largest insurance group and also the second largest asset manager in the world. In addition to insurance and asset management, the group is engaged in investment banking, securities trading, brokerage, real estate and other financial services activities. In 1998, 84 % of its revenues were generated from the insurance branch in Europe, North America and Asia/Pacific. Of the total premiums, 57 % came from life insurance, 24 % from property and casualty and 3 % from reinsurance.

On 31 December 1998 the group numbered 87 896 employees – 45 919 men and 41 977 women. The average age of the employees is 38.5 years and seniority is 10 years and 8 months. Of all employees, 91.4 % work full-time and 8.6 % part-time. Three personnel categories are distinguished: senior managers (2 379), managers (20 436) and non-management (65 081). The breakdown of the workforce by activity is as follows: insurance 66 706, reinsurance 707, assistance 2 126, international risks 1 419, asset management 5 080 and financial services 11 858. The breakdown by geographic area was as follows in 1998: Europe 70 %, America 20 %, Asia/Pacific 8 % and Africa 2 %.

4.1.2. AXA Europe

Given the goals of the research, we will concentrate on AXA in Europe and especially in the Netherlands and Austria, with emphasis is on the Netherlands. Secondly, we focus on the insurance departments of the concern. The workforces of AXA in both countries are shown in Table 1. When divided into full-time, part-time and freelance employees, the figures show that freelance, including temporary employees, make up a considerable part of the workforce. For the Netherlands the figure is 34 % and for Austria it is 33 %.

Table 6: Workforce AXA in Austria and Netherlands

Employees	Nordstern Colonia	AXA Leven
	Austria 1998	Netherlands 1997
Full-time	896	260
Part-time	105	49
Freelance	294	88

* This figure represents 60 temporary and 28 external IT experts.

The development of employment in the companies over the past few years shows increases. The expectations are that the growth in personnel will continue in the coming years, in particular in Austria where the increase is estimated at circa 600 employees in the year 2002.

Table 7: Development of employment 1996-98

	1996	1997	1998
AXA Leven	345	397	No entry
Nordstern Colonia	413	438	475

4.1.3. Temporary employees, overtime work and sick leave

The production of new insurance policies increased considerably and the number of changes in existing policies substantially increased. In order to process this flow of extra work, cooperation agreements were concluded with a number of commercial employment service agencies to hire people on a temporary basis. Table 3 below shows this development for the Netherlands. Due to the increase, the proportion of permanent-temporary personnel developed in the wrong direction. A total of 15 % temporary employees is acceptable to the company, but a greater proportion of temporary employees is undesirable when taking into account stability at departments and the necessary bond with the company.

Table 8: Flexible employees at AXA Leven

	1996	%	1997	%
Temporary employees	32	14	60	24
Freelance IT experts	20	8	28	10
Total	52	22	88	33

4.1.4. Overtime work

Overtime work in the Dutch establishment also increased and, during the months July and August 1997, a team was called into existence to 'clean up' the existing work supplies at the insurance services departments. The crew consisted of 20 employees from departments other

than insurance services. The members were very enthusiastic and successful. They reached their targets, became more involved in the production process and, therefore, more employable as well.

From October 1997 onward a one-year experiment started with a so-called evening team of 10 students. Under the supervision of permanent staff, they support production during four evenings per week and, inconsequence, reduce the work pressure. This experiment also meant that company working hours were extended from Monday to Thursday, with the consequence that the office was open and the availability of automated systems was required.

Table 9: Overtime work at AXA Leven

		1996	1997
Overtime hours	8219.0	11521.0	14736.0
Percentage of normal working time	1.69	2.06	2.52
Conversion on yearly basis	4.6	6.3	8.2

At AXA Leven the percentage of sickness leave in 1997 increased slightly to 3.71 % compared to 1996. The percentage for the total insurance branch also increased and was 4.9 % in 1997 leaving AXA Leven with 1 % less sickness leave. The short time leave remained constant.

4.2. Relations between the parent company and the subsidiaries

The awareness that the establishments in Austria and the Netherlands are part of an international insurance group is increasing among personnel and is promoted by AXA through:

(a) promotion of international mobility;

(b) development and organisation of international (management) training courses;

(c) exchange of knowledge and experience through international synergy groups;

(d) AXA questionnaire among all employees every two years;

(e) attractive opportunity for employees to become shareholders of the AXA Group;

(f) publication of a monthly magazine for all employees.

The relationship between the parent company and the subsidiaries, and between the subsidiaries that are described here, concern only those focused on human resources management and development.

In general, it must be remarked that AXA has a very decentralised structure which means that subsidiaries are very free in taking decisions and following procedures in the human resources area. The guidelines and instructions given by the parent company are of general strategic character and are elaborated in more detail at local, i.e. national level. This leaves the question of the way that human resources management and development is a subject of discussion and consultation between the various parties.

At the international level AXA has so-called synergy groups of professionals from different professional and functional disciplines, such as information technology, marketing, distribution, product development, etc. In total there are about 20 of these groups and they have different themes as their subject. Each of the groups has a 'sponsor' from the Paris headquarters and is dependent on how active this sponsor is.

One of the groups has human resources as its theme and the members gather for a three-day conference every year. The general goal of the conference is to think globally, learn from each other and look at best practices; it does not have a prescriptive function. This also applies to the other group conferences. AXA thinks it is an attractive and useful way of exchanging ideas and thoughts about human resources management and development.

The agenda of the conference deals mostly with HR strategies and policy. Subjects are presented which managers they think may be of interest to their colleagues. Matters of specific interest to individual managers are discussed and throughout the year mutual contact is often established between them to exchange information, practices, examples, and experiments in the HR field. This co-operation and communication flow is quite good; for example, Austria and Germany are sharing the German translation of a questionnaire that interviews employees and clients about their satisfaction with working for, and being a customer of, AXA.

4.3. Developments and work organisation at AXA Leven

In 1997, the production of new insurance policies (universal-life products) increased considerably and the number of changes in existing policies increased substantially. Monthly production regularly was at record level. In July 1997, this amounted to more than NLG 15 million (premium plus 1/10 buying sum). NLG 10 million was made on mortgages, which was a record in itself. The total number of requests for mortgages was about 42 % higher than in 1996. The input of new money for investment funds was above expectation as well. On 26 August 1997 the funds broke a joint stock-exchange value of NLG 1 billion.

Developments are becoming increasingly international, especially in relation to sales of insurance on the internet. This intensifies the use of office automation and networks, use of ICT and therefore also urged the company to replace its computers in 1998. The upgraded computer facilities, in the form of the 'service information system'(SIS), were also used to quickly inform employees and make them think about new ideas, suggestions, and improvements.

New developments such as insurance products and use of new information and communication technologies, are taken up in change management. AXA tries to prepare people for the future, but that is easier said than done. Change management has to be aware that people can continuously be busy with new challenges. AXA, for example, is starting with e-commerce and expects to have employees working on this to an increasing degree over the next years. In essence, the company wants to consider change as something normal. A new international training course called 'Columbus' was developed, completely focused on change and change management. It offers powerful training, which includes, among others, business games, pre-evaluations, self-assessments and colleague evaluations, and each manager has to attend the course. Senior management is trained first and, after them, middle and also junior management. The idea is that it is the manager who creates the conditions for change, shows exemplary behaviour and makes the change possible with his employees.

The changes, for example a new marketing strategy or use of new tools, often imply an investment and this has to be agreed by headquarters. But when the personnel and organisationmanager thinks that new working methods should be introduced at department level, that accounts should be distributed differently, etc., then this is the managers' responsibility.

The company's philosophy regarding working for AXA is that everyone must be actively involved in contributing to its success. To this end, the company seeks not only to inform and explain, but also to encourage input and discussion at every level on issues concerning the company and its staff. This dialogue should exist in the everyday relationships between managers and their teams and in the opportunity provided for staff to express themselves, individually or as a group, on work-related issues. This contributes to better understanding and also encourages input and innovation. Management is responsible for creating a climate that allows for this kind of exchange by explaining, listening and responding adequately. This applies to consultation with staff representatives concerning real problems within the company, and particularly in the development of policies that go beyond basic legal requirements, the company's financial performance permitting.

However, due to the continuous increase of new insurance and investment products, and the increase of changes in existing policies connected with this, the limitations of the structure and organisation of work in the Dutch establishment became noticeable.

In spring 1997, the organisation's advice agency A.T. Kearny was assigned to determine to what degree the company was still working effectively and efficiently, also taking into account the ambitious goals for the years 1998-2001(AXIE 2001). Six working groups composed of AXA Leven employees and the advisors examined the whole company. According to the recommendations that came from this, a start was made with the reorganisation of the insurance services and marketing department.

For the insurance services this resulted in a process-directed organisation in which:

(a) account-teams process the new insurance production;

(b) service teams deal with changes in existing policies that should be handled fast;

(c) specific teams are responsible for complex changes;

(d) telephone service teams handle all incoming calls.

For each of the teams, service norms were established and in November 1997 every employee found a position in a new team by means of a process of selection and started with the new working procedures. This was only a start, as was especially noticeable from the fact that, in the area of automation, very much work had to be done in order to meet the efficiency targets.

In December 1997 the marketing department followed. Here, a separation was made between:

(a) management of the distribution channel (insurance-advisor);

(b) marketing life insurance and investment products;

(c) corporate communication .

Today, a flat organisation and broad functions are characteristics ofthe company. There are no detailed job and function descriptions; the company simply tries to get the best out of people. Functions are only described in an abstract way, and focused on results and not on tasks. How people reach those results is another matter, although there are guidelines and tools. But it is mainly their own or team decision how the work should be organised. Often a natural division of labour between employees emerges. Some are good in contacts with customers, others in calculation, and again others in administration, etc. Appointing employees in suitable functions links up with getting the best out of people. It is considered a task for management to see if people's capacities are demonstrated, i.e. the focus is on the development of people.

However, there is also the company strategy of increasing market share, reducing the proportion of costs, and increasing the proportion of profit. This has lead to the creation of a number of activities for employees laid down in a business balance score card (BBSC) with four dimensions: shareholder (what to do for him); customer (what to do for him); process (how to optimise); and innovation (in order to do business tomorrow).

This BBSC is set up in December-January each year at a department level. Per employee planning consultations are held during which a number of goals are established and agreed and put on a paper form. After a year it this checked and then one can see whether it has succeeded or not. The result is immediately transferred into salary adaptation. This is a way of working with people whose function asks that certain requirements should be met and who are given a number of ambitious and challenging goals in order to develop.

4.4. Human resources management and development

HRM and HRD policies are only partly directed from headquarters in Paris, France. At headquarters, management does want to have a role in steering issues such as what human resources development should be, the development of management, and international mobility.

The concern's human resources policy is centered on a number of general values, directions and guiding principles. These are presented in the following three boxes.. Through these issues headquarters wishes to influence the behaviour of personnel in all countries. As can be seen, the values, directions and principles are of such a general character that they have to be elaborated at local level. The national establishments do not consider, nor experience, Paris as a prescriptive office, although a number of principles are operative. However, the principles mentioned are of such a common character that they are applied almost everywhere. They are, therefore, also active in issues that are important for the AXA establishments.

Since the further shaping of human resources management and development is left to local policy, everything is decentralised except:

(a) planning, capital structure, and management of acquisition;

(b) information systems policy, including reporting;

(c) use of AXA trade mark and corporate image;

(d) developing synergies and international mobility;

(e) executive career management;

(f) human resources policy.

The three boxes below present the AXA values, strategic policy directions and guiding principles for HRM policy.

Box 1: AXA values

Loyalty to all partners
Team spirit, which fosters high performance, both individually and collectively
Pride in the profession, enabling people to take risks and drives today's economy
Ambition to be among those who 'get things done' in the general interest
Imagination to anticipate changes in the world around
Pragmatism to grasp situations as they are and react positively and effectively
Commitment to excellence on every level, which means putting the customer first

Box 2: Strategic policy directions

To be **professional** in the business
To listen carefully to **customers**, without whom there would be no business
To generate **profit** needed to fund development, satisfy shareholders, and motivate employees and business partners
To **motivate** and involve employees and distributors
To be resolutely **international** to both reflect and respond to the increasing international profile of customers, business and competitors, as well as to spread risks among different economies
To be **powerful** in every one of its markets, in order to have the necessary clout and play a role in the community
To think **global** and act **local**: decentralise to reconcile size and effective action

Box 3: Guiding principles for HR policy

On the job relationships
Remuneration
Classification
Performance review
Promotions and appointments
Training
Executive career development
Health, retirement and related benefits

AXA subsidiaries strive for an open culture and mostly succeed in achieving that. Concerning training, for example, this implies that AXA prefers employees to indicate their wishes. It is considered important that people give direction to their own careers. And this also implies that the company should not prescribe what training and experience people should have. Of course, the company has an interest in the 'match' between what employees want and what AXA needs, but employees perform their own career planning and AXA is helping with this. The idea is that the employee is the best person to determine his own future. Ten years ago this was a rather new concept but nowadays is accepted to a considerable degree. Young people also consider this increasingly as an own responsibility and, during recruitment, future employees are screened in relation to this attitude. Employees not having such an attitude, and those who act dependently, rarely pass the selection procedures.

AXA believes that its employees are the most valuable assets and they are expected to form a professional and motivated workforce. The human resources policy is based on a number of guiding principles having three objectives:

(a) a fit should be achieved between staff and present and future needs;

(b) the evolution of the company structures and organisations should be facilitated;

(c) individuals should be enabled to define and develop their professional incentives.

Spearheads in the human resources policy of AXA Leven are based on long-term goals and employee developments in the insurance branch. These ambitious goals make high demands of the quality, creativity and flexibility of the organisation and policy is directed toward meeting these demands. Therefore, the aims of the policy are:

(a) increasing the employees' expertise, customer and future directness;

(b) developing talent;

(c) function evaluation and performance appraisal as basis for personnel management;

(d) using the human resources policy for management development, training and international mobility.

The third box above gave the headquarters' guiding principles for HRM and HRD policy. Below we are going to discuss a few which are most closely related to the competences and qualifications issue, including recruitment of new personnel. First, however, it should be explained what AXA understands by competences and qualifications.

Competences are considered elements of behaviour showing that employees can communicate with clients, work in a team, and show entrepreneurial skills and creativity. The need for new competences in employees mainly emerges as a result of developments in external and internal settings. The trends of increasing internationalisation and competition in business require that employees communicate more, faster and in more than one language. They also have to show creativity and entrepreneurial behaviour in developing new products in order to remain competitive. This has its impact on the company's internal work processes, requiring employees to work more in teams and use new communication means. Competences such as these are difficult to learn and, most of the time, new employees are tested in order to find out whether they have these competences to a sufficient degree.

This is also the reason why existing or new competences are not developed through training.

The emphasis in training is put on qualifying employees in required skills. Qualifications are, therefore, considered as certified proof of having learned skills that are needed to carry out their work. Such skills concern, for example, knowledge of the company's products, speaking languages, use of information and communication technologies, selling procedures, etc. An example of the last is that the qualification requirements have changed from 'pure selling' to a more integral client consultancy, whereby the focus of the service is on the 'complete client'. This means that the client is not only guided in a single and separated problem but is assisted in all insurance related matters.

In the Netherlands, research conducted by the Association of Insurers in 1997 into personnel developments within the insurance branch showed that substantial changes are taking place in the qualifications required of personnel. The need for more highly qualified employees with broad knowledge is increasing due to ever shorter product development cycles, shift of responsibilities to teams with a broad package of tasks, and continuing automation. These developments make it necessary that human resources policy is directed toward enhancing the

employability of employees and enlarging their internal mobility. The AXA Leven company is working on this by means of changing a considerable number of functions, by providing intensive (introduction) courses, and through considerable efforts of employees in schooling and training for the functions.

Recently, behavioural criteria or key competences have been discussed again in the AXA Leven company. Two issues were on the agenda: review of the criteria after the introduction a number of years ago; and what requirements should be asked from management, especially concerning change management since this is considered very important in order to give the employees a comfortable feeling about changes. AXA is very advanced in management preparation, explaining changes and what this means for their departments and employees. The idea is that these issues must be discussed and not avoided. There is work consultation once every four weeks and some departments consult even more frequently.

The qualifications required for jobs and functions are known and differ per job and function. Employees are expected to learn and develop the required skills within a reasonable time. New skills are being taught internally, although training institutes participate in the training programmes that are developed by AXA. Eventually it is AXA that determines what it wants and how.

4.4.1. Recruiting new personnel

A highly qualified, adaptable and mobile workforce is a permanent priority of AXA. When positions are created or become available, appointments are made in-house whenever possible. However, when in-house recruitment proves impossible, those brought on board must be selected with a view to increasing the general level of professionalism within the company. Each quarter an extensive and intensive training course is organised for new employees (see also under training).

The need for people with ambition to develop themselves and contribute to the growth of the company is considerable. New personnel is recruited by means of advertising in professional magazines and newspapers, but also through open applications and requests by e-mail. To enhance the reputation of AXA Leven and draw the attention of students to career possibilities, presentations and workshops are given at universities and high schools. Also 'in-house' days are organised and company information is published in university and high school guides. However, in 1997 research was conducted in cooperation with students of the Ichtus-college in The Hague, into the reputation of AXA Leven among university and high school students. The result was not as positive as would have been liked.

4.4.2. Mobility

Internal mobility of employees is often found but is also difficult to plan because of limiting factors. The first one is giving people room to work on their own mobility and career and the

second is the labour market. The labour market is so tight at this moment that personnel turnover is higher than the company likes. For the people who stay, however, new chances emerge and, in this way, internal mobility increases. The mobility is both horizontal and vertical. The company emphasises horizontal mobility because normally people think of only vertical mobility whilst the company strives for a mix of both. This also has to do with getting the best out of people and, at the same time, taking care of the company's interest. This latter aspect means that, in the future, the company wants to have employees who are employable in the broadest manner. Internal mobility through promotion and job rotation is as follows: 39 employees in 1995; 46 in 1996; and 90 in 1997. This shows the increasing importance of internal mobility.

In the Austrian operation, assignments are encouraged very much by the company and there are many short-term assignments with Hungarian partners. Younger employees are more willing to move than older colleagues, which is a problem for the company because the latter employees are much more experienced and more (training) investment has been made within this group. As in the Netherlands, horizontal mobility is high and is encouraged very much. This form of mobility is preferred to vertical mobility.

There is also a job rotation programme in insurance services, which works well, but it is not applied throughout the whole company. However, it is not possible to create detailed rotation schedules, only more general time-frames. This also depends on the people; one person is faster than another in finishing a programme, because of their varying capacities and skills. It is felt that, in this area, not too much can be planned. Mechanisms can be offered, it can be ensured that people are offered opportunities, but exact time-frames cannot be given. This is different when people are being trained for another function. Every manager is aware that employees must learn and gain new experience. Every department manager has certain programmes to this end, but he only steers the continuous running of the programmes. And this depends on the pace of the employees - how fast they learn new tasks, for example - and the training that accompanies those functions.

Promotions and appointments serve to shape career paths according to each person's skills and their ability to work effectively. They are not based on seniority. Each company is responsible for staff mobility in compliance with local regulations, except in the case of AXA executive managers whose appointment is subject to approval by the group's chairman.

International mobility is also encouraged in order to increase 'corporate intelligence'. There is an international, and rather expensive, mobility programme. However, people like to say they are mobile but, when it comes to reality, they provide numerous barriers. Dutch people are less mobile than they seem.

Nevertheless, Europe is far ahead when it comes to international mobility, which is shown by the figures of 1997. The number of people involved in international mobility is: from Europe, 156; from Asia/Pacific, 72; from America, 47; and from Africa, 21 people.

4.4.3. Appraisal system

After intensive and constructive consultations with the work council of AXA Leven, a new appraisal and remuneration system was introduced in March 1997. The system has as its goal to motivate the employees and support the realisation of the ambitious AXA Leven goals. In order to ensure careful implementation, a special group was established consisting of a director, a personnel and organisation manager , and two work council members. Implementation took place in several stages:

(a) all permanent employees received a brochure about the new system and a letter indicating their salary group related to the function;

(b) all members of the management teams were trained in the new system, in formulating goals according to SMART (specific, measurable, acceptable, result-oriented, time linked) and in recognising behaviour and make it discussible;

(c) ten general introduction training courses were organised for all employees, during which the working of the new system was extensively explained and linked to everyone's personal development;

(d) to position the personal goals within the AXA Leven context, the company goals were established for 1998 and on a longer term, according to the business balanced score card and SMART;

(e) one member of each management team was trained in the principles of the BBSC in order to support the establishment of the department goals and support the department manager in introducing the new system;

(f) at the end of 1997 a number of departments organised a specific departmental introduction to discuss the 1998 goals with employees and undertake an exercise in formulating the personal goals as preparation for the planning consultations. For the insurance services and marketing departments these introductions were organised in 1998.

With the introduction of the new appraisal and remuneration system, the need emerged for a structured method to determine consistent company and department goals. The method of the business balanced score card was chosen and discussed with the management teams in a number of training sessions. Using this method, each management team established the mission, strategy and measurable goals for its department. This was also done from the perspective of client, process, finance and innovation.

For the first time, departmental goals were formulated according to a similar principle. Every employee is now aware of the goals at department level and is able to relate his personal goals to it.

The new system is based on arrangements concerning employees' personal goals and functions, which have been concluded in advance. These meet the AXA values based on behavioural criteria such as: expertise, level of ambition, service-focus, coherence, loyalty and

trustworthiness, team spirit, creativity, initiative, pragmatism and entrepreneurship. Employee performance is assessed according to a fixed measurement scheme: excellent, above expectation, at full performance, below expectation or insufficient. The performance level is linked to the individual's wage position and wage increase.

Regular performance appraisal by managers enables employees to review their role, responsibilities and contribution to the company. In addition, regular performance appraisal ensures that remuneration is a true reflection of performance. For the company, it provides a way of zeroing in on employees' potential; their evolution and what steps may be taken to improve it.

Individual performance is formally appraised during an annual evaluation meeting between employee and manager. The purpose of the meeting is to evaluate performance, set future objectives, identify training needs and explore career development possibilities.

During the meeting they discuss the results that have been obtained as measured against objectives. They also consider the efforts undertaken in response to situations with which the company was confronted during the year. The employees' attitudes and behaviour on the job, and expectations and aspirations, are on the list of subjects to be discussed. Where performance is not up to the requirements of the position, the manager must discuss the situation with the employee and take necessary action. If the employee weak is in certain aspects, then goals for improvement are concluded. This can imply being more active in the department and in the environment (other departments), or applying knowledge to a greater degree and better in work, or communicating better with customers. If training courses are needed for that, these are attended and improvements are then a matter of carrying out.

The performance appraisal report is finally signed by both participants and then submitted to the line manager.

After the extensive introduction and preparation, the system really started with the planning consultations between the employees and managers. The new forms were ready and everyone knew what was expected. Most of the consultations were held in January and February 1998. At the end of the year the first appraisal consultations were held and by January 1, 1999 the link with the salary system was made.

The focus of appraisal in AXA Nordstern in Austria is on technical qualifications and on quantitative and qualitative performance; there are two kinds of appraisal.

At management level there is a 360-degree rating, whereby the manager is appraised by his colleagues, his superior and inferiors. In spring every second year this appraisal is carried out by means of special questionnaires.

At all other levels there is a structured consultation, carried out by the employee's superior in autumn every two years. Until recently, only employees working up to five years in the company were appraised but now everyone is involved. The employee and the superior

separately fill in a nationally standardised questionnaire and discuss their points of view about:

(a) the tasks and aims of the employee, with reference to the job description;

(b) the extent to which these aims have been achieved, by means of a rating;

(c) the goals to be achieved in the next working period;

(d) the kind of training needed and its reasons.

4.4.4. Remuneration system

Effective job performance depends on each person having a clear perception of his/her role within the organisation, position on the organisational chart, resulting remuneration and career development opportunities. In all organisations a specific set of expectations is attached to every position regardless of who occupies it. For this reason, job performance is appraised in a decentralised manner and in compliance with local legislation.

Positions are classified at company level and each category includes jobs with a similar degree of responsibility, but overall consistency in appraisal is ensured at AXA Group level. A list of jobs by category is published in each company. This serves the development of a fair remuneration policy. The classification systems are updated regularly.

Remuneration is the reward for individual contribution to company performance and an important motivation tool. It is based on the company's financial situation as well as on that of its business sector, and on the legislation that is in force in the country in which it operates. The following criteria determine pay levels and increases:

(a) the responsibilities of the position of the employee;

(b) the individual performance on the job, i.e. results obtained, activities and behaviour;

(c) the company's financial performance.

The group's policy on remuneration is to offer salaries that are as competitive as possible considering the company's financial situation. It also includes a variable component that increases with the overall salary. Individual, rather than group, increases are favoured, particularly for positions that entail a high degree of responsibility. Profit-sharing plans were set up to encourage individual involvement in company performance. Managers are involved in determining the compensation for their employees as well as employee representatives.

The good company results of AXA Leven in 1996 resulted in a company bonus of 4.4 % for every employee in permanent and active service. The performance of the company in 1997 was good as well and in April 1999 the employees again received a company bonus of 4.4 %.

4.4.5. Training

Training enables employees to stay on top of changing job responsibilities and skill requirements, advance with the organisation, and find ongoing job satisfaction. From this point of view, training is both a right and a responsibility. It is also crucial in enabling companies to meet the challenge of technological and social change.

Each company invests considerably in training, which is shown by 1998 figures of the numbers of employees who have taken an employer-financed course in that year. At international level the figures are presented in the table below.

Table 10: Number of employees in training in 1998

	1998
Europe	42 155
America	8 188
Asia/Pacific	4 252
Africa	678

4.4.6. International training programmes

The headquarters in Paris consider the development of management especially important and a human resource issue at international level, i.e. the development of future chief executive managers. The manager's responsibilities have an impact on human resources management and development in terms of salaries, promotions, mobility and even dismissals. And through performance appraisal of employees, managers play an important role in shaping the careers of employees.

AXA Group has a corporate level department to identify management potential and oversee career development. The training of managers is in the hands of headquarters through the programme of executive career management. Nationally and internationally, the concern works with Hay-management, a function system that has advantages because, through weighting, comparisons can be made in all countries. Top management functions are judged with Hay-management and this means that points obtained in the USA have the same value and represent the same level as in the Netherlands and Austria.

Another international training programme is called Columbus. It was developed recently and is completely focused on change and change management. It is a powerful training tool, including business games, pre-evaluation, self-assessment and peer evaluation; each manager will attend this course in a top-down approach ofsenior management followed by middle and, probably, junior management as well. The idea is that the manager who creates the conditions for change also shows role model behaviour and makes changes possible together with the employees.

A third programme concerns the training of managers who are expected to become members of the board of directors within five to seven years. Participants are those executive managers who are potential leaders. It is not a separate training programme but it is carried out while working.

4.4.7. Training at national level

The scarcity of qualified people in the labour market in the Netherlands is becoming a problem and this means that extensive investment in employees is necessary to recruit and keep professional, customer-oriented and future-minded employees. An important instrument to enlarge the employability, flexibility and quality of the employees is schooling and training. The growth in function, and with that a higher level of professionalism, is reached through three approaches, which are profession-, company- and person-directed development. The efforts in this area are considerable.

In 1997, on average seven to eight days were spent training employees. The costs for internal and external training are completely borne by the employer, but when the employee wants to leave the company within three years he has to reimburse the expenses. Courses taken outside working time are also paid by the employer and the employee can claim a number of training days to study, dependent on the amount of training (calculated through study burden: for 150 hours of study an employee can claim one day) and with a maximum of five days (750 hours) a year.

4.4.8. New personnel

As new employees come into the company they are provided with an introductory training course. This is a comprehensive and intensive full-time course lasting five weeks and it is considered a very useful 'socialisation' or 'company-minded-making' course. In the course, the company lays down its norms and values and wants employees to act and behave accordingly.

The basic principles of the business, i.e. life insurance, are explained and insight is given into the company's position on goals, strategy, departments and mutual co-operation, directions, products, systems, distribution, clients and colleagues. The course yields an internal certificate or basic diploma in life insurance for the participants as a proof of participation. During the five weeks there are some formal training courses, delivered by outside training institutes, which are integrated in the full course and for which exams are taken and formally given diplomas or certificates.

Depending on the function - such as, for example, account manager for outdoor services, IT, indoor services - the new employees are trained for a minimum of two months and a maximum of nine months.

The introductory training is given, in largely, on-the-job. At department level newcomers get a mentor/coach, arranged by the department manager, whom they can ask everything. This person is responsible for the training of the employee. It is arranged in advance what should be learned and in what period, and steering is done by three people: manager, coach and employee. The human resource department is not involved in this because it is a line responsibility. This works well. Employees are introduced and trained well and, in addition, it gives personnel the opportunity to direct new personnel as a new activity for themselves. Every experienced employee should be able to perform as coach, should be able to explain the profession and give training on his central function. Managers are considered to be internal trainers, whilst mentors are not considered as such and they are therefore not specially trained to perform these duties. Managers, however, can take courses in discussion techniques, operational management, presentation skills, working in teams, and general management.

One person coordinates and plans the training and also carries out some actual training. During the five weeks of training this person will ask people from various departments to contribute to the process.

At AXA Nordstern in Austria, the new employees generally already have experience in sales and therefore they do not need training in sales skills. They only need to be introduced to the business of the company, which is carried out as an on-the-job introduction. The other training required concerns the technical skill to operate a notebook computer. AXA extensively uses these for all administrative related matters beginning, for example, with damage assessment and ending with payment of the damage.

4.4.9. Current personnel

There are also training courses for sitting personnel of which a few are presented here. Because many of the products are strongly related to investments, two training courses on stocks/shares (*NIBE Effectenbedrijf*) were organised for the first time in 1997. The courses finished with an exam. Much attention has also been paid to commercial communication; all indoor staff working directly with clients were trained in correct, efficient and result-directed telephone calls.

Beside these training courses, AXA also provides facilities to attend evening classes/studies. In 1997, 138 employees took the opportunity to attend 'in-house' courses after working time. This amounts to about 46 % of permanent staff. Their goal is to enhance their expertise or general level of knowledge. In 1997, 59 employees passed the exams of a study and 34 received (part) certificates. This result was considerably higher than 1996 when 46 employees passed.

Team training courses were organised to support the reorganisation of the insurance services departments. All employees involved were also trained in specific (processing) aspects of products of which they had insufficient knowledge (universal-life-fiscal, universal-life-administration and policy processing machines). In 1998 a two-year extensive and modular

insurance services training started dealing with all products of AXA Leven and linked systems and procedures. This training makes it possible to train new and current employees as 'all-round' client service employees.

In the past years (1995-98), all personnel participated in company training workshops during which themes were presented and discussed. These themes concerned, for example, company strategy, distribution, sales, investments, product development in general, financial parameters, human resources, etc. One of the goals of the workshops was to discuss and learn from each other's knowledge. This was organised in the Netherlands independently from other establishments, showing the decentralised structure again and fitting the Dutch culture.

With the growth of the company, the considerable demand for IT-experts, commercial and service employees cannot not fully be met because of the tightness of the labour market. For that reason the company decided to organise its own IT training course for employees. All nine employees who started in 1997 passed exams in 1998. Looking at the external inflow, 19 new employees started in 1995, 41 in 1996 and 55 started in 1997.

Training is normally organised within the company but external training institutes are also used for training. This is especially the case in technical training courses. SVV (*Stichting Verzekering Vakopleiding*) is one of the sector training institutes. It trains in issues such as what is a life insurance, how is it fiscally and juridically arranged, etc. These institutes are used frequently, if not permanently. The institutes take exams and official qualifications are given. This also refers to training in social skills that is conducted by private training institutes (assertive-Schouten/Nelissen, management-Boertien, presentation-Kessel). External training for employees of the AXA Nordstern concern in Austria includes behavioural training such as telephone techniques, client approach coaching, project management training. These external training courses are taken for activities that are not carried out on a regular basis and/or which are project-related.

Regular public education is not used, although attempts were made to cooperate with a meso-school (secondary economic and administrative) for training a number of lower educated employees. This has not been easy: on the one hand there are participants who want more flexibility than schools can offer and, on the other, schools are not really prepared for training adult employees.

In November 1999, a pilot project started at AXA Leven, which can be called *education permanente*. It is an initiative of the Dutch branch of AXA. The human resources manager does not know of any branch abroad developing such as programme. The idea springs from the fact that clients should be better served.

Every employee (starting with the insurance services department) has to spend half a day on schooling and training every two weeks. And every two weeks a programme will be offered to the employees. This programme aims to address professional knowledge about insurance and contact with clients. It is a big investment and it may turn out that half a day is too long. But

all employees should be capable of serving clients to their optimum level. The idea is works on five steps or stages:

(a) basic level, elementary knowledge of the insurance products and the basic philosophy of the products. To be attended by all employees including managers;

(b) linked to people who really have to work with the products and have to provide information about them;

(c) in-depth knowledge of the product possibilities;

(d) the products have their own position in various automatic systems;

(e) how to manage the products and systems.

This specific type of training will end, but the format of training is permanent.

The training courses for AXA Nordstern Austria personnel include product-specific training, technical training (notebook, company specific requirements, organisation), training in behaviour (telephone), and languages. Training in sales techniques or other sales basics are not so important because employees with experience are recruited. In contrast to this, technical know-how becomes more and more important and is combined with the behavioural training.

Every two years there is an interview with employees, part of which is the evaluation of training courses. This evaluation has consequences for further training. When the qualification requirements have been changed this will be shown in the evaluation and so the content and structure of existing training courses will be changed.

4.5. Summary and conclusions

This last paragraph resumes the AXA Case study and places the HRD and HRM in its context of external and internal developments. The main remark that should be made is that the developments in the Dutch AXA establishment were of such a character that a major reorganisation has taken place and, in that sense, the company offers a good example of a reaction to external developments. A few developments can be distinguished that have had a large impact on HRD and HRM. First, due to economic growth, business in general and new customer needs have increased, initially answered by overtime work, hiring temporary employees, freelancers and recruiting new personnel. Secondly, technological change has urged the company to automate office and sales work and the possibility of doing e-business with clients has been seriously accepted. Thirdly, because of economic growth, the turnover of personnel is higher than normal and, at the same time, it has become more difficult to recruit new personnel due to shortages in the labour market.

As a result, the structure and organisation of work in the Dutch AXA establishment showed limitations and the management decided to reorganise the insurance services and marketing

departments. This could be done by local management because the concern has a decentralised structure where subsidiaries are free to take decisions and headquarters only provides general guidelines in the field of human resources. A flat organisation with broadly defined functions has been created and decisions to organise the work are taken on work floor level and in teams.

The developments and the subsequent reorganisation have given rise to changes in HRM and HRD. The headquarters only provides general guidelines, which means that subsidiaries have much freedom for local policy. The strategy in the HRM area has led to a flat organisation where decisions to organise work have been decentralised to lower levels in the company whilst management focuses more on getting the best out of people. This means that employees now have more responsibilities. A new appraisal system, and linked to that a remuneration system, were introduced which mirror the new responsibilities.

The developments and HRM strategy necessarily refer to the competences and qualifications of the employees. Where competences are considered parts of behaviour, qualifications are seen as certified proof of having learned skills needed to carry out work. The company realised that its HRD policy should be intensified in order not only to make the adaptation process a success but also to develop the competences and skills of employees for carrying out new work processes, selling new products, and taking new responsibilities.

This has led to a comprehensive HRD programme that is focused on management, employees and new personnel. The programme is based on the idea that employees should give direction to their own careers, implying that AXA does not prescribe.

To make working under new circumstances and conditions possible, managers are trained in creating a working atmosphere where change is accepted as normal. Current personnel are trained in selling new products, insurance service, client service, team working and ICT use as being the most needed competences and skills. A pilot project has been started for 'education permanente' consisting of half a day training every two weeks addressing professional knowledge about insurance and contacts with clients. New personnel are trained during a five-week comprehensive and intensive full time introductory course in the basic principles of the insurance business, norms and values of AXA. Understanding of the company outlook is also taught here.

HRM and HRD policies at AXA Leven are of a practical nature. Changes and adaptations have been mainly reactions to external developments. These have caused a 'chain-reaction' within the company: awareness of the need for comprehensive changes in work processes, products and client approach; that new competences and skills were required and had to be defined; and that HRM and HRD policies had to be adapted followed by training programmes for managers, current and new personnel.

It is obvious that AXA Leven, on the basis of the coincidence of a number of external developments, has taken the opportunity to change and reorganise on a large scale, including

renewing aspects of HRM and HRD strategies. Normal daily practice is better illustrated by AXA Nordstern where changes and adaptations are much more piecemeal.

It must also be concluded that there is hardly any exchange of HRM and HRD experience, developments, programmes to other AXA establishments, at least between the Dutch and Austrian establishments.

5. Conclusions

5.1. Common business challenges

As a variety of scholars (Castells, 1996; Drucker, 1993) and reports from research institutes (OECD, 1996) and the EC (Foray/Lundvall, 1996) have noted, competition between companies and countries is no longer dominated by access to capital, equipment, systems or location. Increasingly, it is the capability of people to generate, share and deploy knowledge for value-adding purposes, which makes the difference.

In this regard, it is clear that one of the main overriding strategic priorities for the three multinational companies (MNCs) covered in this report, Axa, Glaxo Wellcome and Xerox, has been to introduce new competence development programmes to ensure that they are sufficiently flexible and responsive to address the following four challenges. They are to manage:

(a) new and emerging customer segments;

(b) cultural diversity in the global marketplace and in companies;

(c) market volatility and rising expectations from customers about the quality of products and services;

(d) the burgeoning impact of the Internet on existing core businesses.

In order to secure competitive advantage in the global marketplace, each of the MNCs in this survey, albeit in slightly different ways, has:

(a) exploited their 'intellectual capital' and 'core capabilities' to offer added value products and services;

(b) introduced a 'flat hierarchy' and significantly broadened occupational role profiles, in an attempt to encourage all employees to take responsibility for adding value by managing internal work processes and relationships, and relationships with 'stakeholders', more effectively and efficiently.

Exploiting 'intellectual capital' and competing on the basis of 'core capabilities' has set MNCs a new performance management challenge. Instead of viewing competence solely as an attribute of an individual, MNCs have started to recognise that competence is a social and collective phenomenon and, thus, is embedded in the processes, systems, relationships and routines that link the different functions and divisions within an organisation. Moreover, MNCs have increasingly appreciated that it is people's performance, and not just their accredited levels of knowledge and skill, that make the major difference to organisational performance in the global economy (Case study 3 AXA 1.1.).

As a result, each MNC is at different stages of development as regards trying to:

(a) develop new modes of behaviour amongst employees, that emphasise collaboration, self-management and accepting responsibility for outcomes;

(b) create an organisational learning environment that enables employees to take the initiative, to co-operate, to learn and to share knowledge and insights about work processes and customer relationships.

This development should not be confused with the cry that first surfaced in the late 1980s for companies to become 'learning organisations'. The main drive behind the 'learning organisation' initiative was to encourage top management to think in different ways from the past about how to adapt to changes in the global environment.

The developments described in this report refer to the growing interest in MNCs about how to use competence development strategies to improve individual and organisational performance, and how to share and create knowledge at all levels within the organisation.

Improving performance and creating knowledge are different from adaptive learning or transfer. The main focus of the former is learning how to act in similar ways to other people or other organisations, while the main focus of the latter is trying to apply the knowledge or skill that others possess in a different context. Improving performance and creating knowledge, however, involves encouraging and supporting people to take responsibility either to respond to unexpected issues and events or to develop novel patterns of behaviour and to work collectively in order to share and create new knowledge.

As the four case studies indicate, at one level this has involved the companies becoming more sensitive about stakeholder preferences and thus having to take greater account of working with and managing their relationships with stakeholders. This new business imperative has impacted on staff at all levels within the companies. For example, as Case study 2. Xerox (Section 1.3.1.) indicates, rather than simply 'sell' the product range, front-line sales staff are now expected to act as 'consultants' to customers and offer advice on how Xerox's products may support changing organisational needs.

At another level, it has involved changing organisational cultures to ensure that people understand why they should contribute in ways that add value, and why work roles may have to change to enable people to offer such contributions. This has led each MNC to first, attempt to align human resource management (HRM) and human resource development (HRD) processes to match developmental actions more closely to workplace requirements. Second, they have also taken the decision to devolve greater responsibility to line managers and individuals. The former are expected to support employee performance and competence development via agreeing personal development plans, the latter are expected to identify developmental needs and to accept responsibility for trying to achieve them (Case study 2. Xerox Section 1.3.).

The experience of the MNCs described in this report indicates that, in the process of addressing these issues, they have discovered that, irrespective of how HRM and HRD

processes are reconfigured, new skills cannot simply be grafted onto a workforce nor will people automatically offer value-adding performance as a result of goal setting or training. As a result, each MNC has gradually recognised that competence development does not just involve more or better forms of training; it presupposes a more unified perspective about the relationship between working and learning.

5.2. Emerging human resource and competence development strategies

The recent debates about the impact of globalisation and the contribution of HRD and HRM to competence development have tended to suggest that competence development is primarily a product of changes in organisational structure and strategy (Nyhan, 1999). Moreover, it has also been suggested that since MNCs are experiencing similar competitive pressures, it is likely that qualification requirements throughout the EU, and elsewhere in the world, will come into line with one another (Sellin, 1998). Part of the reasoning behind these views is that it has been commonly assumed that once competence development strategies have been agreed by senior management, they can be applied and transferred within and between MNCs' different operating units or their subsidiaries. Equally, it has been assumed that MNCs will want to try to translate their competence requirements into existing national qualifications. This evidence presented in this case study indicates that such views are a substantial simplification of a much more complex and dynamic set of processes.

It is clear that Axa, Glaxo Wellcome and Xerox have all been subject to similar trends as regards securing improvements in performance. However, given that the four companies studied have adopted a combination of 'geocentric' and 'polycentric' models of HR (Ferner, 1994) they have pursued a fairly pluralistic stance towards competence development. Accordingly, although there are overarching corporate agreements about the need to improve the modelling, identification and assessment of competences within each company, by and large each subsidiary has developed quite different interpretations of what constitutes 'competence' and tackled competence development in very different ways. The case study findings can be summarised in the following ways.

One common thread does appear to run through the different ideas about competence that emerge from Axa, Glaxo Wellcome and Xerox. Competence is perceived to be the ability to handle the demands, expectations and problems, which can arise in work activities. Although it is never explicitly articulated by HR practitioners or in company definitions of competence, this idea of competence reflects aspects of the long-established European traditions of 'core occupational competence' (Kämäräinen/Streumer, 1998) as well as the North American tradition of competence (Rothwell/Lindholm, 1999). The former places a firm emphasis upon the acquisition of a broad set of technical, methodological, strategic and socio-communicative capabilities. The latter places a firm emphasis on individuals and teams consistently offering exemplary performance (i.e. best-in-class).

There are three main strands to the different models of competence development that have emerged from the case studies. First, some MNCs have concentrated upon supporting staff to build better relationships with clients (see Case study 1. Glaxo Wellcome, Section 3.2.; Case study 3. AXA, Section 1.). This has led them to expand the traditional range of training and development offered to staff and explicitly build in 'soft skills' or core competence training. Second, other MNCs have tried to support staff in developing a more future-oriented perspective about their work roles by supporting reflection-on-practice (see Case study 1. Glaxo Wellcome, Section 3.3. Case study 3. AXA, Section 1.1.1..). A central feature of these developments has been to develop 'occupational curricula' that encourage people to apply the theoretical knowledge and 'war stories' they have acquired formally or informally to help them to resolve workplace problems. Third, the main focus in other MNCs has been to try to match 'developmental actions' and work-based activities more closely in order to achieve improved performance outcomes (see Case study 1. Glaxo Wellcome, Section 3.4.; Case study 2. Xerox, Section 1.3.2.). This has entailed transforming the roles and responsibilities of HRM and HRD managers so that they view their activities as part of a common framework for individual, team and organisational development.

On the one hand, these different focuses and emphases reflect the influence of the wide range of HRD and competence development traditions associated with each MNC. It has long been recognised that MNCs' HR policies and practices are influenced by a broad range of factors (Ferner, 1994): the pressure to conform to national industrial relations frameworks, national education and training systems; the influence of MNCs' 'country' of origin traditions; access to global HR literature and HR consultancies, etc.; and access to contemporary learning and management development theory. In the case of the four companies studied in this report, the two strongest influences appear to be the North American tradition of competence development and the European and North American organisational ecology tradition (Brown/Duguid forthcoming).

On the other hand, they reflect a burgeoning realisation that competence development cannot be entirely subsumed under HRM and thus treated as a managerial issue (Guile/Attwell, forthcoming). The experience of Glaxo Wellcome and Xerox indicates that competence development has to be seen as an HRM and an HRD issue and that this involves identifying and developing the learning processes that support people in improving their professional practice and performance as well as developing their professional understanding.

In light of this shift towards a more unified view of HRM and HRD, attention has fallen on the organisational 'meso-processes' (Rousseau/House, 1994; Capelli 1991) that contribute to integrating HRD and HRM strategies more efficiently and effectively. As case study 1. Xerox reveals, competence development no longer belongs to a single department, such as the HR department, or to a certain geographical area of the company. The responsibility is situated globally and locally throughout the company. In fact, competence development is part of a single development system in which the following elements play an important role: induction training, performance appraisal, continuous on- and off-the-job learning, self-assessment, knowledge management and customer satisfaction.

All four case studies also reflect, albeit in slightly different ways and with slightly different emphases, the inadequacies of many of the traditional models and assumptions about training and development. Traditionally, training and development has been viewed in terms of the following (Taylor *et al.*, 1998):

(a) a clear division of labour and a clear separation of function between the human resource development (HRD) department and the human resource management (HRM) systems employed by the company's operating divisions, sales, marketing, technical etc;

(b) access to training being determined by a training needs identification system that prioritised job-related knowledge and skill;

(c) an 'information processing' model of learning; in other words, it was assumed that once staff had taken in new information about products and services, they were capable of successfully acting upon that information;

(d) the design of training programmes closely matched the existing range of a company's products, services and markets;

(e) training programmes were based on the regular rotation of the same range of workshops.

One of the strengths of this model of training was that it provided the company's new recruits with a very comprehensive introduction to a company's work processes, products and services. Over time, this model has become far less effective as regards familiarising staff with new work processes, products and services or supporting them to operate in highly turbulent and competitive markets (Ulrich/Greenfield, 1995). The shift towards securing on-going competence development and encouraging people to become lifelong learners, however, has exposed the limitations of this model of HRD. The new challenge is to support people in learning and developing throughout their working life cycle and not at specific points within that cycle (i.e. off-site training and development activities). As some of the case studies indicate more clearly than others (Case study 1. Glaxo Wellcome, Section 3.4.; Case study 2. Xerox, Section 1.8.), this comprises three stages. First, ensuring access to 'organisational communities of practice' so that people can grasp the interrelationship between 'canonical' practice (i.e. official routines) and 'non canonical' practice (i.e. spontaneous responses) and develop new ways of working and learning. Second, creating 'learning environments' throughout workplaces to ensure individuals and teams share experiences, create new knowledge by drawing on resources that are external to their 'communities of practice' and finally have opportunities to apply the knowledge to their practice (Guile/Attwell, forthcoming). Third, taking account of job satisfaction, employees' 'well-being' and their personal development (see Case study 2. Xerox).

5.3. Implications of the new human resource and competence development models

The cumulative effect of these developments appears to be the emergence of an alternative, although still fledgling, model of training and development. This new model reflects a more socio-cultural conception about the processes of learning and development. Based on the examples provided within the case studies, the main assumptions that lie behind this concept of competence development appear to be as follows:

(a) learning requires opportunities to reflect on experience and try out new practices;

(b) learning is enhanced by having access to new ideas that originate from beyond the immediate work context;

(c) learning benefits from having opportunities to participate in, and discern the rules and protocols of, the 'community of practice' (i.e. own MNC, other MNC, university, private consultancy) that have generated new ideas;

(d) learning requires access to opportunities to participate in 'stretching' and 'low risk' activities;

(e) work environments have to be actively managed to support the identification of performance challenges and to develop appropriate forms of professional practice.

This model of training and development appears to presuppose a new type of 'developmental partnership' (Guile/Fonda, 1998) between individuals, HRM and HRD managers and companies. The main aim of such a partnership is to try to make the development of people and performance a continuous process. However, even the MNCs described in this report, are in the early stages of learning how to implement this new type of 'developmental partnership'.

The evidence from the case studies suggests that, although there is some recognition on behalf of MNCs that it would help if qualifications could be brought into line with company requirements, this development would constitute a much more radical agenda than is currently envisaged. Qualifications have traditionally denoted an 'end-point' for a period of study. In a lifelong learning context, the role of qualifications has to evolve to reflect an individual's capability for relating theoretical and practice knowledge and skill in different contexts (Young, 1999). For example, HR practitioners in all the companies studied recognise that new work roles are not easily reconciled to existing qualifications. The latter are still dominated by levels and boundaries between types of qualifications and, thus, are not suited to supporting the forms of 'horizontal development' and 'boundary crossing' that the reorganisation of work and work roles calls for (Guile/Attwell, forthcoming). As a result, MNCs, at present, prefer to use internal HR performance review schemes and development processes for assessing and supporting the continuing development of professional and/or vocational competence. MNCs are inclined to use only national qualifications either as initial benchmarks that help to determine suitability for interview during the recruitment process or to address very specific competence development needs (e.g. building relationships with customers. See Case study 2. Xerox Section 3.1 and 3.2.1).

The key challenge, therefore, is not simply to try to try to make qualifications more 'transparent' within the EU. The shift towards company-based competence development schemes described in this report is rendering competence development more opaque and context-specific for two reasons. First, the learning processes that support competence development are increasingly located in organisational environments and focused upon individual and organisational objectives. Second, the improvements in learning and performance that arise as a result of this new approach to competence development are not easily mapped into the structures of existing qualifications.

As a result, the shift towards company-based competence development is placing new pressures on national education and training systems and national qualifications systems. In the case of the former, they imply that there will need to be a new focus for VET research and policy. Up to now the focus has fallen mainly upon strengthening initial training; in future it will need to address more explicitly the challenge of how to work in new ways with MNCs to help them to support the continuing education and training (i.e. competence development) of all their workforce. In the case of the latter, they are setting an entirely new set of challenges for national VET systems and national qualifications systems. The challenge will be to re-think the role and design of qualifications in relation to lifelong learning.

Finally, it is clear that the shift away from company-wide functional and skill-based training is also transforming the role of the social partners. Under the 'old' Taylorist training and development and industrial relations paradigm, the social partners, specifically the trade unions, were able to negotiate job demarcations and work roles with management and influence the form of job-related training made available to different categories and levels of staff. The shift towards 'flat hierarchies', broader occupational profiles and competence development programmes, however, has broken the umbilical cord between work roles and job-specific training. By placing the emphasis for competence development firmly upon individuals, the companies studied have begun to re-think the relationship between working and learning. Individuals are expected to demonstrate a commitment to lifelong learning, to achieve performance improvement and to participate in 'organisational communities of practice'.

This new relationship between working and learning presupposes more finely 'tailored', and more 'locally' negotiated, forms of training and development. As such, it changes the role of the social partners. On the one hand, the social partners are able (in companies that recognise trade unions) to contribute to the formulation of company policies for competence development. On the other hand, new roles have been opened up for representatives of the workforce. For example, the inclusive and participative approach adopted in Case study 1, Glaxo Wellcome (Section 4.3.) to the design of competence frameworks, has provided opportunities for workers at all levels, although not necessarily trade union representatives, to work alongside management to redesign work roles and responsibilities.

5.4. Outlook and recommendations

This research was a small scale, yet highly innovative, study undertaken in three countries of the new approaches to competence development that are emerging in MNCs.

Providing the developments reported are occurring more widely within MNCs, they will have important implications for VET policy throughout Europe, since, as our analysis has shown, the 'new business order' (Gee *et al.*, 1997) presents policymakers and VET researchers and practitioners with two key challenges.

First, it is necessary to find a way to broaden the traditional concept of learning upon which most forms of education and training (especially initial VET) and policies for education and training throughout Europe are based. The report highlights how this new concept of learning will have to take account of the relationship between formal learning and the learning and development and the production of knowledge that occurs in workplaces, and the new learning partnerships that involve enterprises and education and training providers collaborating in new ways to support competence development and organisational development.

Second, there is a need to move away from the current view of lifelong learning; namely that it mainly involves individuals obtaining higher levels of the existing range qualifications. It is vitally important that policy-makers and the VET research community find a way to 'certify' the process of continually learning or 'qualifying' throughout the lifecycle. This will help people to bring together their qualifications, their personal development and their competence development in ways that are more likely to support their future employability.

Nevertheless, as Keep and Mayhew have argued (1999), once competence development moves away from theoretical knowledge and technical skill, education and training providers have found it extremely difficult to devise national VET systems, programmes, certification and qualifications for initial and continuing education that address the 'softer end' of the skills/competence spectrum.

The findings presented in this report may, however, offer some fresh insights into how to address the complex and troubling issues that Keep and Mayhew refer to.

Consequently, we recommend that Cedefop, working in collaboration with other EU agencies and the social partners, considers taking the following actions.

Conduct a larger-scale study of competence development within the EU

This should be done in order to:

(a) establish the extent of the trend in MNCs towards competency-based and performance-focused models of competence development (and hence non-accredited);

(b) identify the new configuration of organisational 'meso-processes' that are supporting a more unified view of working and learning in MNCs;

(c) identify how the new learning processes, including the use of information and communications technology, that MNCs have introduced, are supporting competence development and knowledge creation amongst the workforce;

(d) identify new types of qualifications that take explicit account of the 'horizontal' and 'vertical' modes of development;

(e) identify the new models of partnership that are emerging as education and training providers work in collaboration with 'leading-edge' MNCs to support company-based competence development.

Convene seminars, workshops and hold online discussions with the VET research community.

This should aim to:

(a) discuss the different implications of the conclusions presented in this report (and the findings of any future research) for existing VET systems and qualifications systems in member states and accession countries;

(b) formulate new policies and strategies for European approach to supporting competence development;

(c) explore how far Cedefop's existing research projects, for example the 'Key qualifications' project, may be able to contribute to the redesign of VET curricula in order to support competence development within companies or linked to work place devolpments.

Hold discussions with policymakers and the social partners about the findings presented in this report.

This should identify the extent to which:

(a) new EU policies and measures can be agreed that will encourage (I) employers to support their competitive edge by implementing new approaches to competence development, and (ii) assist employees to support their employability inside MNCs through a commitment to knowledge management and knowledge sharing;

new guidance can be produced by the EU about how to use the findings of this report to build bridges between those at work and the unemployed and socially excluded.

Develop new interactive mechanisms, new networks and new fora

This should be done in order to:

(a) maximise the benefit of all the different strands of VET research, which tend to be fragmented by organisational and disciplinary divides;

(b) enable the VET research community and EU policy community to interchange and synthesise their knowledge about competence development.

Urgent action is required on the above recommendations since the research team is aware that there are several research projects currently addressing how to support 'horizontal development' in the workplace and its implications for VET curricula (EU COST programme on 'boundary crossing' in VET), and develop new 'developmental relationships' between HRD and HRM to support competence development (UK's 'New learning for new work' consortium). Yet, at present, given the dispersed nature of the VET research community, these research projects are being conducted in isolation from one another and are unaware of the complementary agendas they are serving. We suggest that richer forms of discussion need to be developed to support more active forms of 'boundary crossing' between VET practitioners.

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A comparative analysis between Austria, the Netherlands and the United Kingdom

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